

Chancellor under savage attack from all quarters

Hostility to the Budget swept upon the Government from almost all sides of the nation yesterday. The TUC and the CBI were at one in deploring Sir Geoffrey Howe's failure to give decisive encouragement to industrial expansion (Report, page 2). The universities predicted a disintegration into chaos, with the closure of some

institutions, because of a 15 per cent cut in income over three years. The Cabinet itself was beset with rumours that some ministers were profoundly shocked when the Budget proposals were disclosed to them. Mr James Prior, Secretary of State for Employment, denied that he was to resign on the issue. Mr Peter Shore, the shadow

Chancellor, congratulated Sir Geoffrey in bringing together the disparate elements of the nation in collective hostility to the proposals. To wild Labour cheers in the Commons he claimed that the Budget would create unemployment and accelerate the decline of industry and the economy (Report page 2).

Fears of university system collapsing from loss of income

By Diana Geddes
Education Correspondent

Britain's university system is likely to disintegrate into chaos as a result of a cut in income of about 15 per cent over the next three years, the University Grants Committee (UGC) and the Committee of Vice-Chancellors and Principals (CUCP) will tell the Government today.

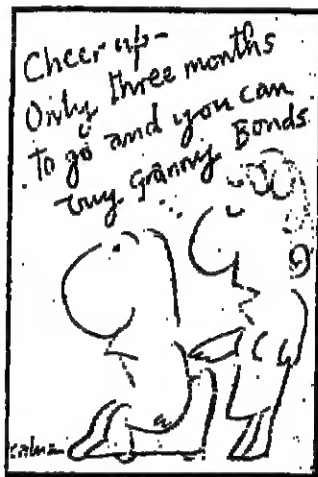
The possibility of having to close whole universities, and of removing all postgraduate facilities or entire faculties from other universities, is being openly discussed.

At their meeting today with Mr Mark Carstairs, Secretary of State for Education and Science, the vice-chancellors and the UGC will explain that the 8 per cent cut, which the Government said in its public expenditure white paper was planned for higher education over the next three years, is likely to amount to about 15 per cent for universities as a result of the combined effects of the Government's policy on overseas student fees and inadequate cash limits.

University staff costs account for about 70 per cent of total expenditure, and it is there that most of the savings will have to be found.

The new figures show that the present planned output of newly trained teachers from teacher training colleges and university departments of 17,000 a year already far exceeds the estimated demand for the current year of 12,000, and that demand is expected to fall sharply over the next three years to a low of 3,500 in 1993-94.

It is then considered unlikely to rise above 10,000 until 1991. The current year's output of 12,000 is a result of a demand arising partly from a reduction in teachers' jobs as a result of government spending cuts, partly from the falling number of pupils in schools, and partly from a lower than expected teacher wage rate, will



Mr Prior denies he is to resign after Cabinet-crisis reports

By Fred Emery
Political Editor

Amid talk at Westminster of crisis for the Cabinet over the Budget, Mr James Prior, Secretary of State for Employment, last night told *The Times* that he was not resigning but continuing the fight.

Choosing his words carefully, Mr Prior said: "There is no question of my resignation. I am going to fight my corner for the Government, and in the Government." There was emphasis on both prepositions.

The question over Mr Prior's wishing to remain in the Cabinet arose when it was learnt that his associates were having, as they believed, difficulty persuading him to stay and fight. But Mr Prior chose to clarify matters last evening, deliberately turning up at the Commons to show that he was not evading colleagues and reporters.

By declaring his decision to fight, Mr Prior implicitly confirmed his opposition to the thrust of the Budget. Like the rest of the Cabinet he learnt of its proposals at the Cabinet meeting only a few hours before the Chancellor delivered his speech in the Commons.

It is accepted at Westminster that among ministers profoundly shocked by the Chancellor's failure to offer any relief to industry were Mr Prior, Lord Carrington, Foreign Secretary, Mr Francis Pym, Leader of the House and Chancellor of the Duchy of Lancaster, Sir Ian Gilmour, Lord Privy Seal, and Mr Peter Walker, Minister of Agriculture.

They are all senior Cabinet members identified with, or close to, the so-called "wet" faction, who worry over what

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they see as the obsession with monetarism and favour some expansion in the economy.

While Mrs Thatcher herself was delivering, in an extraordinary lunchtime speech, a resounding rebuke to her critics, perhaps inside the Cabinet as well as outside it, two fell blows were struck at herself and the Chancellor.

The suggestion that Cabinet members must be asking themselves whether they could stay on after this Budget was voiced on television by Mr Norman St John-Stevas, who was relieved of his Cabinet post in the January reshuffle.

On ITN's *News at One* he was asked if he could have remained in the Cabinet after this Budget. He replied: "What I ask myself is can other people remain in the Cabinet who may have similar views to my own. There is much more relevant question."

Mr St John-Stevas, however, said he would vote to support the Budget "whatever reservations I may have".

That statement shook Conservative business managers, and in Whitehall it was acknowledged that the party had not been in such a state since Mrs Thatcher herself deposed Mr Heath for the leadership.

However, Mr Peter Tapsell, an influential City backbencher, and a former member of Sir

Geoffrey Howe's shadow ministerial team, called flatly for his dismissal.

In a stinging statement he said: "Sir Geoffrey Howe has now lost the confidence of the City, of industry, of the Cabinet and of the Conservative parliamentary party. His policies are damaging to the nation."

The Prime Minister has a strong sense of duty and of patriotism. She owes it to the country and to the Conservative Party to find a Chancellor of the Exchequer who will command confidence and offer hope.

The Prime Minister was unaware of these two broadsides when she spoke at lunchtime, and concentrated most of her counterattack against the hostile press reaction and that of the more vocal critics.

Speaking at a ceremony of the award to *The Guardian* young businessman of the year, she denied Mr Michael Poor's charge that it was a "no-hope Budget".

She returned on her critics in the unrestrained manner which has recently been unwavering her Cabinet colleagues. "What gets me even more is that having demanded the extra expenditure they are not prepared to face the consequences and stand by the necessity to get some of the tax to pay for it."

"One of the most immoral things you can do is to pose as the moral politician demanding that they cut, and then when you see the bill say 'No, I didn't mean you to pay tax to pay for it, I meant you to borrow more'."

To prime money was "the most immoral path of all", she said.

Ministers prepare for new battle over public spending

By Melvyn Westlake

Government ministers are already preparing for another bitter and bruising battle over public spending. It is now evident that one more determined attempt will be made by the Treasury team, led by Sir Geoffrey Howe, the Chancellor of the Exchequer, to cut Government spending from the levels planned in the latest annual expenditure White Paper, published with the Budget on Tuesday.

The White Paper makes it clear that there is much discontent about the Cabinet's inability to prevent public spending rising. It is a development which requires the "most serious attention", it says, hinting strongly that an attempt will be made in the coming

months to cut spending programmes in next year's White Paper.

The reduction in the volume of spending which was originally expected to take place in 1980-81, has failed to materialize, and on present plans there will be no fall in Government expenditure below 1982-83.

Given the persistent tendency for spending to rise, there now seems every chance that a further increase will take place in the new financial year which starts next month. If that happens, it would open up the prospect of yet a further rise in taxation.

The desire to make substantial tax cuts before the next election is adding to the determination to bring public spending down.

The overall burden of taxation on the economy is rising extremely fast. In the current financial year, the tax burden will be equivalent to about 47 per cent or 48 per cent of the nation's gross domestic product. This compares with about 44.5 per cent in 1980-81 and about 40 per cent when the Government took office.

However, it also says that the higher levels of public expenditure now projected inevitably mean that the margin for fiscal relief is substantially smaller, and that the increase in last year's projections.

In broad terms this fiscal relief will do no more than offset the increase in the personal tax burden in the coming year. This, the financial statement says, "is clearly unsustainable in the long term."

In the final years of this Parliament, financed from North Sea oil, the tax burden will be equivalent to about 47 per cent or 48 per cent of the nation's gross domestic product. This compares with about 44.5 per cent in 1980-81 and about 40 per cent when the Government took office.

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factory in the context of the wider economic objectives."

But any attempt to cut public spending is bound to be fought by the Cabinet "wets". In the two years since the Government came to office it has undertaken a series of deep-cutting exercises. The last, late last summer, effectively resulted in a defeat for those ministers who had wanted huge reductions in spending programmes.

Ministers at spending department meetings have, however, that they have already pared many programmes back to the bone. Much of the increase that has taken place in government expenditure has resulted directly from the economic recession.



Princess Anne, wearing a black and gold mortar-board and gown, taking her seat for the first time as Chancellor of London University.

During the two-hour degree ceremony at the Royal Albert Hall yesterday, 1,741 graduates were presented to her.

Britain rejects EEC farm price package

By Hugh Clayton
Agriculture Correspondent

Britain yesterday rejected the agricultural price package recommended for the coming year by the European Commission.

Mr Peter Walker, Minister of Agriculture, said: "It would mean in money terms that British farmers would have no increase at all. That would be totally unacceptable to the British Government."

He listed five British objections to the Commission's plan which would raise EEC farm support prices by about 8 per cent and food prices by 2½ per cent.

Mr Walker told members of the Commons select committee on the European Communities that the Government would accept a 1½ per cent increase in food prices in Britain. The Government favoured price restraint but the amount proposed by the Commission was half of that claimed by farmers throughout the EEC.

The Government opposed the combination of measures sought by the Commission because in Britain the 8 per cent farm price rise would be cancelled out by simultaneous levies and changes in the green pound.

"To some extent you could argue that the agriculture most in need of an increase is British agriculture," Mr Walker said. He added that the Government had not decided by how much the price of each commodity should be raised. But he indicated that the Government would accept a 1½ per cent increase in food prices in Britain. The Government favoured price restraint but the amount proposed by the Commission was half of that claimed by farmers throughout the EEC.

Mr Walker's third objection was the omission of the beef premium subsidy. He was reluctant to accept the Commission's proposed extension of levies on surplus production from milk and sugar to other sectors.

His final objection was to the 10 per cent rise proposed for wine prices.

Discord at TUC over dinner with the Prince

By Donald MacIntyre
Labour Reporter

TUC white-collar staff refused to cooperate with a visit to Congress House by the Prince of Wales last night. Although the effect of the protest was thought to be minimal, Mr Len Murray, secretary of the TUC and chief host, is understood to have been upset by the attitude of the staff, who at two union meetings passed resolutions deploring the visit.

The Prince of Wales's visit at which he dined with most of the star union leaders who sit on the National Economic Development Council, was part of a continuing programme of visits and discussions involving both sides of industry.

Neither side would comment last night on what by any standards must be one of the most inauspicious industrial disputes in recent history. A few staff were said politely to have declined to admit white-collar employees will also refuse to handle correspondence arising from the visit.

The decision not to cooperate, originally taken last January and endorsed at a well-attended meeting last week, also theoretically applied to the secretaries of leading TUC officials required to handle correspondence with Buckingham Palace in the weeks of preparation.

The most perceptible effect of the dispute was the 120 employees represented by the white-collar joint staffs committee was that the TUC's press office declined to answer reporters' inquiries about the dinner, referring all calls to Mr Norman Willis, the TUC's deputy general secretary.

Staff preparing and serving the Prince's dinner are understood to be Co-operative Society employees and therefore unaffected by the decision. Although the six departmental assistants, typists and two stokers who constitute the TUC's manual labour force passed a resolution endorsing the white collar decision, they agreed to work normally and do nothing which would cause embarrassment during the visit.

The dispute began on January 29 when the staff passed a resolution stating the staff's opposition to the visit of Prince Charles to Congress House and refusal of the staff to cooperate in any activities arising from the visit.

The committee then wrote to Mr Murray saying that while they accepted the TUC's need to meet people from many quarters of society the Prince's visit was of purely "symbolic value" and inappropriate at a time of soaring unemployment.

Mr Murray then wrote back reminding the joint staffs committee in effect that as the civil servants of the TUC their members had a duty to abide by decisions of the TUC Congress and the General Council.

There were no signs of any opposition to the visit when the Prince arrived at the TUC headquarters.

Of the six union leaders who sit on the Council, Prince Charles met Mr Morrya Evans, Mr David Bennett, Mr Terence Duffy, Mr Geoffrey Drain, and Mr Murray. The sixth member, Mr Frank Chapple was in Australia.

Sentence of death for Belfast man

From Our Correspondent
Dublin

Peter Rogers, aged 36, of Belfast, was sentenced to death at the Special Criminal Court in Dublin for the murder of a policeman in a Westford last October. The date of the execution was set for April 6. An appeal is expected to be made.

Three other men, sentenced to death for the murders of two policemen in Roscommon last summer are awaiting their appeal hearing. The death sentence is still given in the Republic of Ireland for certain categories of murder, including that of policemen.

During the trial it emerged that the police believed the discovery of a large quantity of arms, ammunition, and explosives in the defendant's van had prevented a terrorist attack in Britain.

Mr Rogers, who denied murdering Garda Seamus Quaid, said he had only fired his gun to enable him to escape when two policemen stopped his van.

Sir Maurice Oldfield dies aged 65

By a Staff Reporter

Sir Maurice Oldfield, the former head of British Intelligence and supposed model for some famous fictional spymasters, has died in hospital at the age of 65.

Sir Maurice, the alleged prototype of both George Smiley in the novels of John Le Carré and "M" in Ian Fleming's Bond saga, was last prominent as security coordinator in Northern Ireland, a post to which he was appointed in November 1979 and left last summer on health grounds.

An enigmatic and retiring figure, he became head of MI6 in 1973.

Runcie initiative for Rome unity

The Archbishop of Canterbury has invited the Roman Catholic Church to enter serious detailed negotiations for unity. He set out a series of issues on which the Church of England and the Anglican Communion would have to be satisfied and asked the Roman Catholic Church to state its own specific requirements of Anglicanism. His initiative is seen as being timed with the Pope's visit to England next year in mind Page 4

West Bank pledge

Mr Shimon Peres, leader of Israel's Labour Party, has said that existing Jewish settlements on the West Bank would not be dismantled by any government under his leadership. He made it clear that Labour's policy of keeping settlements away from areas heavily populated by Palestinians would only apply to those set up after June Page 8

£500m defence shortfall

Pressure on the defence budget as a result of a recently discovered gap of £500m between commitments and available funds has led the Ministry of Defence to reassess the scope of equipment and manpower needs. The 5 per cent shortfall is equivalent to the annual cost of the Trident missile programme Page 5

Women win pensions case

The European Court of Justice ruled in favour of two British women who sued Lloyds Bank over sex discrimination in its pension scheme. The case was hailed by the Equal Opportunities Commission as a "landmark" in the long journey towards achieving equality Page 4

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Prime Minister of Malta reprimands magistrate

Mr Don Mintoff, Prime Minister of Malta, has strongly criticised a magistrate and warned him of possible dismissal over his handling of the case against the deputy leader of the opposition Nationalist Party. Distribution of *The Times* has been stopped from yesterday by order of the Government for allegedly presenting a distorted picture of the country's affairs Page 8

EEC fund criticism

An attack on the way Whitehall departments choose specific industrial projects for grants from the EEC has been launched by the money into the general fund for aid to the regions is made by the House of Lords European Communities Committee in a report Page 3

Pupil profiles proposed

School examinations are far too academic and are incapable of assessing many of the qualities most highly valued by employers, the Confederation of British Industry said in evidence to the Commons Select Committee on Education. It said it supported the development of pupil "profiles", which would record attributes that conventional tests were not designed to evaluate Page 3

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UN agencies hard hit by Reagan budget

From Frank Vogel
US Economics Correspondent

Washington, March 11
The future real growth of the United Nations Development agencies, the World Bank, the Inter-American Development Bank and the Asian Development Bank is now in doubt as a result of decisions taken by the Reagan Administration.

The existence of the International Development Association (IDA) is in the balance because of new White House budget decisions.

At the same time President Reagan has decided to shrink the American Peace Corps, reduce the scale of direct American food aid and curb American bilateral development assistance.

The precise details of the Reagan Administration's foreign aid budget suggest that the Department of State lost in the battle with the Office of Management and Budget to secure strong American representation in the World Bank.

President Carter sought budget authority for the coming fiscal year of \$653m (£299m) to cover American participation in bank capital increases, but President Reagan has slashed this figure.

He has sought budget authority for the World Bank for next year of only \$110m. The United States failure to take up its share of the bank's capital increases could result in the American shareholding in the bank falling by several percentage points from its present level of 21 per cent, which will inevitably mean a significant fall in American influence in this institution.

President Reagan wants budget authority for funding the Inter-American Development Bank appropriation of \$244m for the 1982 fiscal year — \$17m below this year's level and \$115m below President Carter's request.

The Asian Development Bank faces equally grim prospects. Mr Reagan wants \$130m for this bank for next year, com-

pared to present funding of \$139m and a request for 1982 by President Carter of \$124m. The situation at the World Bank, a concessionary loan affiliate, the International Development Association could rapidly become desperate. If cut off of funds last summer when Congress failed to make the necessary appropriation, the IDA would have been kept going only through a bridging loan from the Japanese and Europeans, with funds from this source certain to run out within a few days.

The United States promised to provide \$3,240m to the IDA over three years and President Carter proposed the equal instalments of \$1,080m. Mr Reagan has called in his new budget for the current year's IDA funding to be cut to \$540m and for next year's funding to be cut to \$550m.

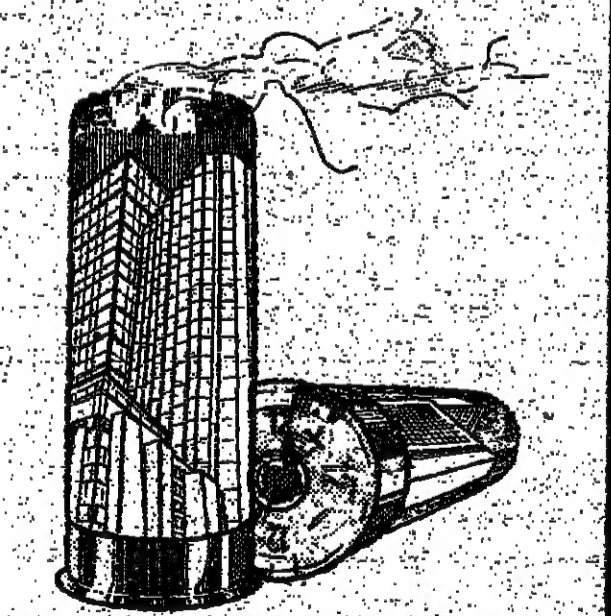
These moves indicate to some Congressmen that the President is not concerned about the association and that this, in turn, is leading to Senate efforts to trim President Reagan's proposals substantially, according to informed sources.

The Administration has signalled that it assigns a low priority to multilateral aid and, as a result, fast action on funding for the IDA is being sought from Congress.

The new budget also seeks a cut in Mr Carter's budget proposals for funding organizations of the United Nations.

Total State Department funding in this area was proposed by Mr Carter at \$655m, but President Reagan has now slashed this by \$118m. A big casualty, according to sources here, is the United Nations Educational, Scientific and Cultural Organization (Unesco).

The Reagan budget's foreign military assistance total is \$5,300m compared to Mr Carter's proposed level of \$5,400m.



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HOME NEWS

Extra £40m in fuel subsidy for needy and big rise in disabled allowance

By Frances Gibb

The Government is to give an extra £40m to help more than two million people on supplementary benefit to pay their fuel bills, Mr Patrick Jenkin, Secretary of State for Social Services, announced yesterday.

The supplementary benefit heating allowances are to rise by 18 per cent, the expected rise in fuel prices between last November and this. "Rising fuel costs are causing increasing anxiety among needy people and the Government has every sympathy with the difficulties which they face."

Announcing a £2,000m package of measures aimed at bringing help to "the least privileged members of the community", he also said pensioners will receive their 510 Christmas bonus and there will be a big rise in the disabled people's mobility allowance.

The increase, of nearly 14 per cent to £16.50 a week, indicates the importance the Government attaches to the allowance, he said, and he was glad to announce it in the International Year of the Disabled.

The extra cash to meet fuel bills comes on top of a £200m programme last year and boosts total government spending on the fuel benefit programme to more than £250m, helping about 2,500,000 people.

The fuel allowance can be claimed by pensioners over 70 on supplementary benefit, and householders with children under five on supplementary benefit. Supplementary benefit claimants with special circumstances, such as illness or a house which is hard to heat, may also qualify.

The supplementary benefit heating addition will go up from £1.40 a week to £1.65 a week, or £35.80 a year, and will help 1,000,000 people, Mr Jenkin said.

The higher rate heating addition will rise from £3.40 to £4.05 a week, or £210.60 a year, helping 400,000 people, including the most severely disabled, who get the benefit automatically.

Help the Aged and Age Concern immediately welcomed the continued government help for poor people in meeting fuel

bills. But they criticized the low level of the Christmas bonus for pensioners.

Mr Hugh Faulkner, director of Help the Aged, said it was disappointing that the bonus was to remain at £10. It had stood at that level since being introduced in 1972. A more reasonable figure was £35.

Age Concern also said that there were many elderly people who would not benefit from the fuel allowances, although they were near the poverty line. They were just a few pounds away from being able to claim supplementary benefit and would be "left out in the cold".

Details of the child allowances, for those receiving benefits, on top of the child benefit increases, announced in the Budget, also provoked a storm of criticism from the Child Poverty Action Group and the National Council for One Parent Families.

Miss Ruth Lister, director of the poverty action group, said that about a million children would be only a few pence, or one per cent, better off than they were last year.

"The Government has repeated its mean trick of cutting the real rate of child support for national insurance benefit claimants by an administrative sleight of hand," she said.

Other increases announced by Mr Jenkin include a rise in the family income supplement maximum payment from £17 to £18.50 for a one-child family. The prescribed income levels for the supplement go up by £7 to £74 weekly for one-child families and the extra amount for each further child is raised by £1 to £8.

Supplementary benefits and war pensions are to go up by 9 per cent, the same rate as the national insurance benefits announced in the Budget, and Mr Jenkin said the invalidity allowance paid with the invalidity pension was to go up by 14 per cent to restore the 5 per cent cut last November.

That was a start towards restoring the value of the invalidity benefit, he said, and he reiterated the Government's pledge to restore the full value of the pension

INCREASED BENEFIT RATES

| | Existing | Proposed |
|---|----------|----------|
| Child benefit: | | |
| Each child: | 4.75 | 5.25 |
| One parent benefit (formerly child benefit increase): | 3.00 | 3.30 |
| Single person: | | |
| Standard rate of retirement, and widows' pensions, and widows' mothers' allowances: | 27.15 | 28.80 |
| Single person: | 16.50 | 17.75 |
| Wife or other adult dependant: | | |
| An age addition of 25p is payable to retirement pensioners who are aged 80 or over: | | |
| Standard rate of invalidity pension: | 26.00 | 28.35 |
| Single person: | 15.50 | 17.00 |
| Wife or other adult dependant: | | |
| Invalidity allowance: | | |
| Higher rate: | 5.70 | 6.20 |
| Middle rate: | 3.40 | 4.00 |
| Lower rate: | 1.80 | 2.00 |

| | Existing | Proposed |
|---|----------|----------|
| Standard rate of unemployment and sickness benefit: | | |
| Beneficiary under pension ages: | 20.55 | 22.50 |
| Single person: | 12.75 | 13.80 |
| Wife or other adult dependant: | | |
| Beneficiary over pension ages: | 26.00 | 28.35 |
| Single person: | 15.50 | 17.00 |
| Wife or other adult dependant: | | |
| Widows' allowance (first 26 weeks of widowhood): | 39.00 | 41.40 |
| Widow: | 20.65 | 22.50 |
| Attendance allowance: | | |
| Higher rate: | 21.85 | 23.65 |
| Lower rate: | 14.45 | 15.75 |

| | Existing | Proposed |
|---|----------|----------|
| Non-contributory invalidity pension, invalid care allowance: | 16.30 | 17.75 |
| Increase of non-contributory invalidity pension and invalid care allowance for a wife or other adult dependant: | 9.80 | 10.65 |
| Mobility allowance: | 14.50 | 16.50 |
| Guardian's allowance, child's special allowance: | 7.50 | 7.70 |
| Rate of benefit for children of widows, invalidity, non-contributory invalidity and retirement pensions, invalid care beneficiaries, unemployment and sickness beneficiaries when claiming a new pension age: | 7.50 | 7.70 |
| Rate of benefit for children of all other beneficiaries: | 1.25 | 0.80 |

| | Existing | Proposed |
|----------------------------------|----------|----------|
| Supplementary benefit: | | |
| Ordinary: | | |
| Husband and wife: | 34.60 | 42.45 |
| Person living alone: | 21.30 | 27.15 |
| Non-householder—age 18 and over: | 17.05 | 21.70 |
| Non-householder—age 16-17: | 13.10 | 16.95 |
| Any other person aged: | | |
| 11-15 years: | 10.90 | 11.90 |
| Under 11 years: | 7.30 | 7.90 |

| | Existing | Proposed |
|--|----------|-----------------|
| Non-householder housing addition: | 2.15 | To be announced |
| Housing addition to supplementary benefit: | | |
| Higher rate: | 1.40 | 1.65 |
| Lower rate: | 3.40 | 4.05 |
| Diets addition to supplementary benefit: | | |
| Higher rate: | 1.20 | To be announced |
| Lower rate: | 2.80 | To be announced |
| Additional addition to supplementary benefit: | 1.25 | No change |
| Addition for claimant, or dependant over age 80: | 25p | No change |

| | Existing | Proposed |
|--|----------|-----------|
| Family Income Supplement: | | |
| Prescribed amount for family with one child (income below which £18 is payable): | 57.00 | 74.00 |
| Income below which £18 is payable for each additional child: | 7.00 | 8.00 |
| Maximum weekly amount for a one-child family: | 17.00 | 18.50 |
| Increase in maximum amount for each additional child: | 1.50 | No change |

Mr du Cann calls for recovery programme

By Hugh Noyes

Parliamentary Correspondent

Mr Edward du Cann, chairman of the Conservative 1922 Committee and of the Treasury select committee, that recently produced a report, critical of the Government's economic strategy, said yesterday that the Government should mount a programme for national recovery.

The economic situation was grave, the level of unemployment was intolerable and the reduction in manufacturing output and capacity was unacceptable, he said. It was worse than it appeared on the surface. He gave a warning that within the next 12 months some of the country's most significant companies might find it impossible to survive.

He did not accept that those disasters were inevitable, and the Government should mount a programme for national economic recovery. But in the midst of the gloom, Mr du Cann added, he was an optimist. What was needed was leadership and the Government should give it.

Mr Peter Shore, the shadow Chancellor, earlier in the debate, had said that the Government was "battering from all quarters" by Sir Geoffrey Howe's Budget with a scathing attack that had Labour MPs cheering wildly.

It was a "know-nothing, learning-by-the-way" Budget of failure, he hoped it was the last Budget Sir Geoffrey and "the wayward mistress of No 10" would present.

Mr Shore added that it would create unemployment and accelerate the decline of industry and the economy.

Bitterly he told the House that he could congratulate the Chancellor in that, after two years of increasing divisiveness, he had succeeded in making the Budget a disaster. Tuesday in bringing together all the disparate elements of the nation, To Labour cheers, he said there was now one collective spirit of total hostility.

Sweeping aside the budgetary phrases helping to disguise the real extra burden of direct taxation, Mr Shore told the House that, in real terms, the Chancellor was placing an additional £2,500m of direct taxation on the taxpayer.

Mr Leon Brittan, Chief Secretary to the Treasury, struggled to recover some of the lost ground. At one point, to the evident disbelief of many MPs, he said that the budget could not be described as deflationary.

As MPs gasped, Mr Shore jumped to his feet to ask the Chief Secretary how he could say that the economy was not being deflated when the Chancellor was taking out £3,500m.

Parliamentary report, page 6

TUC and industry united in attack on Budget failure to aid growth

By George Hill

There was little applause for the Budget proposals through the country yesterday, and the TUC and the Confederation of British Industry were united in deploring Sir Geoffrey Howe's failure to give decisive encouragement to industrial expansion.

The general distress ranged from the Stock Exchange to the farmyard. The TUC's economic committee decided to seek CBI support in a joint propaganda offensive against the Government's economic policies.

It claimed that the Budget intensified policies that had demonstrably failed, and predicted that its consequences would be a million more unemployed and a further big fall in output.

A worker on average pay would be about £5 a week worse off as a result of the Budget it said, and added: "Working people cannot be expected to submit meekly to a drastic cut in their living standards."

Sir Raymond Pennock, president of the CBI, described the Budget as disappointing. He regretted the absence of a bold boost for industry, the absence of a big cut in energy prices for large industrial users, and the failure to cut the National Insurance supplements. It had been an important opportunity to make industry more competitive internationally.

The National Consumer Council said that the increase in petrol duty would bear severely on rural communities and affect the price of all goods and services. The Automobile

Association and the Royal Automobile Club made similar comments. But the NCC welcomed the increase in child benefits, the windfall tax on bank profits, and the lower age limit for "granny bonds".

The press was divided between those newspapers which thought the Chancellor was piling on more of the same old policies, and did not like it, and those that thought he had significantly changed his tactics and deserved congratulation. If only of a sombre kind. The general implication was that some kind of U-turn should have occurred.

The Telegraph was most forthright in its applause: after six months of weakness, the Chancellor had put a firm hand to the tiller. The help to industry was "most welcome".

The Telegraph was worried that the discrediting of former monetary targets left the Government with no ready means of knowing whether its policies were succeeding or not.

The Guardian saw the Budget as an expression of "a false

and destructive dogma" which could only delay recovery; alienate political support; assistance for small business was too modest to be effective in a climate of recession; it frugally approved the big taxes on personal pleasures, well as those on petrol, bank profits.

The popular press were occupied first of all with impact on the drinker, smoker and the driver. Daily Mirror dwelt on breach of campaign promise and the burdens on the poor. The Sun and the Daily Express regretted the absence of stronger inflationary measures. Only the Daily Mail applauded Sir Geoffrey's "stubborn and courageous" attempt to repair his own past errors.

Most leading economic forecasting organizations also pressed condemnation, and may over the likely impact the Budget on output, employment and inflation, the backers of a monetarist strategy were taking a more sympathetic line.

The consensus is that the Budget will further depress economic output,

Unemployed will be worse affected, critics say More families 'face poverty trap'

By Robin Young

Economic Correspondent

Those concerned for the law paid and unemployed were emphatic that the changes announced yesterday in family expenditure survey would only reinforce the regressive effects of Sir Geoffrey Howe's Budget.

Mr Christopher Poole, director of the Low Pay Unit, an independent research group, estimated that the measures would result in 15,000 families losing £100,000 in extra income tax.

A couple with two children in the lowest income bracket, with incomes of less than £80 a week would be paying on average £185 more a week in income tax as a result of the freeze on tax allowances, 75p a week more in national insurance contributions, and £123 a week

extra on alcohol and tobacco. Increases in duties have a highly regressive impact on those in low income groups. Although fewer poor people can afford products bearing excise duty, the Government's family expenditure survey shows that the lower the income, the higher the proportion of it that will be spent on drink, tobacco or petrol.

For a couple earning £600 a week with two children, the Budget will mean a loss of £374 in extra income tax, £436 in extra national insurance, and £787 in average extra excise duties, a total loss of 2.6 per cent of earnings.

A couple with two children and average national earnings of £130 a week will lose £145 in extra income tax, £130 in national insurance, and £253 in average extra excise duties, a total loss of 4.4 per cent of earnings.

A married couple with two children and an income of £80 a week will lose £185 in extra income tax, £123 in national insurance, and £123 in average extra excise duties, a total loss of 2.6 per cent of earnings.

Mr Robin Simpson, of the National Consumer Council said: "This is a very real problem for the unemployed

a week will lose £185 in extra income tax, 80p in national insurance, and £180 in average extra excise duties, a total of 5.7 per cent of earnings.

A couple with two children on flat rate unemployment benefit, will receive £48 instead of £45.40, a gain of £2.60, but will lose £1 because benefits are increased by only 9 per cent, and average of £1.15 because excise duty increases. It will lose £2.58 out of £3 gained.

Another effect of the Budget is to discriminate more severely against the unemployed. A couple unemployed in the long term receiving supplementary benefit have a net loss of £10 a week less than a retired couple long-term supplementary benefit.

Mr Robin Simpson, of the National Consumer Council said: "This is a very real problem for the unemployed

and a couple unemployed in the long term receiving supplementary benefit have a net loss of £10 a week less than a retired couple long-term supplementary benefit.

Mrs Thatcher defends the 'moral' Budget

By Our Political Editor

Mrs Margaret Thatcher, setting aside her prepared text, said in a speech at the Conservative Party Conference in Brighton last night: "One of the reasons which led us not to increase the standard rates of tax last year was to reduce, and not to alter, the top rates of tax was the counsel of one of our previous winners, though he would not know it."

"At one time he said to me: 'Mrs T. don't take away the incentives now, just when they are beginning to work'. And I believe we were right not to increase those levels of income tax and that they will soon begin to work."

"There are occasions when I think that other businessmen, perhaps not quite as successful as your good self, are indeed like Mr Thatcher, waiting for something to turn up, and that 'something' is the Government. But to them I should point out that Mr Thatcher has waited for that went bankrupt several times and eventually emigrated on borrowed money."

One of two newspapers had condemned the Budget as highly deflationary. While it was true that the measures would increase tax by £3,500m, it was also true that public spending was up by £5,000m more than was planned a year ago. Public spending next year would exceed £100,000m.

"Now what really gets me is this: that it is very ironic that

those who are most critical of the extra tax are those who were most vociferous in demanding the extra expenditures."

Having demanded that extra expenditure, they were not prepared to face the consequences of their own action and stand by the necessity to get some of the tax to pay for it.

"And I wish some of them had a big red nose and a large ear of corn. Because I think one of the most immoral things you can do is to pose as the moral politician demanding more for health, for education, more for industry, more for housing, more for everything and then, when you see the need for it, you say 'I mean you to pay tax to pay for it. I mean you to borrow more...'"

"Do they really think that had we gone on policies unchanged we would have borrowed £40 billion this year at an interest rate of 15 per cent? Because I tell you we won't. We managed to borrow something under £13 billion last year. We didn't manage to borrow everything we spent. And part of it was borrowed with an interest rate of 17 per cent and quite a lot at 16 per cent."

And for those who say "yes, increase your deficit spending, have this, enjoy inflation, they must face the fact that the interest rate would not have gone down, it would have gone up and then they would have strangled at birth any rebuilding of stocks or any expansion of

industry and investment that we might have had."

What they really meant was that they were unwilling to raise tax to pay for expenditure, and that money should be printed instead, "the most immoral path of all."

"Because what that is saying is, 'Let us quietly steal a certain amount from every pound in circulation, let us steal a certain amount from every pound saved in building societies, in national savings, from every person who has been thrifty. What they are saying is: 'Let's go and put a pair of bellows on to the rate of inflation we have now and make it a really big raging furnace, and the first people to come in and complain would have been industry...'"

"I believe this Government has taken the wrong and the moral course and I will challenge anyone who takes the contrary view. I want to have a go at industry."

"I may say that I've written this all down in much better language... it's not good enough to talk but it's good enough to print so you can print it and it will save a lot of people taking down in shorthand, which is a 25-hour week they are not always trained to do."

She hoped that many businessmen there asked why so many of their own employees refused to buy British goods but bought foreign goods instead. "Because the trouble isn't all with the con-

sumer choice. Some of it might be with the design of the product or the delivery date."

"Now, the third point, I just want to point out something which is quite different. The third point, I've lost my place. But never mind, it doesn't matter. I'm in full flood, so it never matters then."

"The third point is this. In spite of everything, and in spite of the difficulties, I did want to demonstrate, and so did the Chancellor, that behind every good man there is a good woman, you know. To demonstrate—so did the Chancellor—first that although we were not able to do more relief on tax allowances we did wish to do something for families, and that's why he was so careful to put up the allowances for the children by 50p each."

"Because we positively wanted under difficult circumstances to show preference for families. And I want to have a go at industry."

"I may say that I've written this all down in much better language... it's not good enough to talk but it's good enough to print so you can print it and it will save a lot of people taking down in shorthand, which is a 25-hour week they are not always trained to do."

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Unions seek CBI support in economic fight

By Paul Routledge

Labour Editor

Trade union leaders are to seek the support of the CBI in a fresh propaganda offensive against the Government's economic policies, after condemning the Budget as "one more desperate gamble with the British economy".

The TUC's influential economic committee argued yesterday that the Chancellor had decided to intensify policies that had demonstrably failed.

"In fact, he has gone for overkill in order to pay for the unemployment that will inevitably follow from these measures," the unions said.

Repeating their warning of a million more unemployed and a further massive fall in industrial output as a direct result of the Budget, TUC leaders asserted: "No wonder the reaction from almost every industrial quarter, including the CBI, has been so critical."

"We will be emphasizing our concern at the prospects for industry at an early meeting we intend to arrange with the CBI."

Whatever the prospects for such a joint initiative, the unions are determined not to

give ground on the pay front.

The TUC economic committee estimated that Sir Geoffrey Howe's measures will cost workers on average pay about £5 a week, and insisted: "Working people cannot be expected to submit meekly to a drastic cut in their living standards."

The unions' "alternative strategy" of a £6,000m publicly funded stimulus to the economy would be the keynote of a TUC week of protest next month designed to win shopfloor support for opposition to what were described yesterday as "the Government's kamikaze tactics".

Water workers in two regions reject 13% deal

By Our Labour Staff

Hopes of a settlement ending a renewed threat of official action in the water industry remain last night despite what see certain to be a close vote 32,000 workers on their 13 per cent pay offer.

Delegates from two regions of the General and Municipal Workers' Union yesterday failed to back their negotiator's recommendation of the National Water Council's offer.

Mr Edmund Newall, the union's chief negotiator, said last night that he was "reasonably hopeful".

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ROYAL NAVY OFFICER

Villages cut off by floods in Welsh valleys

By Staff Reporters

By Staff Reporters
Villages cut off and old people moved to safety yesterday as floodwater swept through Wales. In the southern mining valleys more than nine inches of rain had been recorded in four days, and watercourses throughout the area were loaded beyond their limits.

In west Wales Llanelli bore the brunt of the floods, and 64 families were moved as water poured into their houses.

At Whiteland, Dyfed, 38 old people were evacuated from a home after 18 inches of water flooded in, and at Carmarthen and Bridgend bridges were closed as rivers washed over them.

'Observer' deal signed by Lonrho group

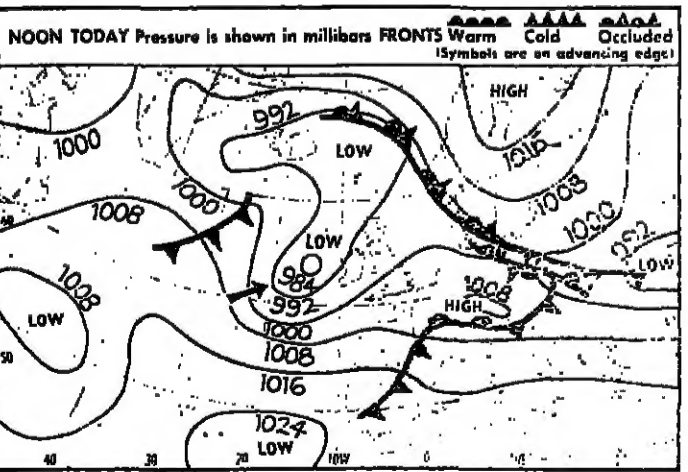
The deal under which The Observer newspaper will pass to the control of Mr Roland "Tiny" Rowland's Lonrho group from Atlantic Richfield, the American oil company, was signed in Los Angeles on Tuesday, it was disclosed yesterday.

Lonrho will ask for the Government's consent within the next week. A revised deal agreed last week means that if it is referred to the Monopolies and Mergers Commission, only Lonrho's position would be investigated, not Atlantic Richfield's reduced stake in the newspaper or its stake in the Outlook publications, Lonrho's subsidiary.

In a letter published in The Times today, Mr David Astor, a former editor, Mr Hugh Greene and Dr Conor Cruise O'Brien, the editor-in-chief, call for the Government to refer the deal to the Monopolies Commission.

Letters, page 15

Weather forecast and recordings



Today
Sun rises: 6.22 am
Moon sets: 6.00 pm
First quarter: 7.00 am
Lighting up: 6.30 pm to 5.50 am
High Water: London Bridge: 5.46 am, 6.01 pm, 6.21 pm, 6.50 am, 7.12 pm, 7.40 am, 8.01 pm, 8.30 am, 8.61 pm, 8.91 pm, 9.20 am, 9.50 am, 10.20 am, 10.50 am, 11.20 am, 11.50 am, 12.20 pm, 12.50 pm, 1.20 pm, 1.50 pm, 2.20 pm, 2.50 pm, 3.20 pm, 3.50 pm, 4.20 pm, 4.50 pm, 5.20 pm, 5.50 pm, 6.20 pm, 6.50 pm, 7.20 pm, 7.50 pm, 8.20 pm, 8.50 pm, 9.20 pm, 9.50 pm, 10.20 pm, 10.50 pm, 11.20 pm, 11.50 pm, 12.20 am, 12.50 am, 1.20 am, 1.50 am, 2.20 am, 2.50 am, 3.20 am, 3.50 am, 4.20 am, 4.50 am, 5.20 am, 5.50 am, 6.20 am, 6.50 am, 7.20 am, 7.50 am, 8.20 am, 8.50 am, 9.20 am, 9.50 am, 10.20 am, 10.50 am, 11.20 am, 11.50 am, 12.20 pm, 12.50 pm, 1.20 pm, 1.50 pm, 2.20 pm, 2.50 pm, 3.20 pm, 3.50 pm, 4.20 pm, 4.50 pm, 5.20 pm, 5.50 pm, 6.20 pm, 6.50 pm, 7.20 pm, 7.50 pm, 8.20 pm, 8.50 pm, 9.20 pm, 9.50 pm, 10.20 pm, 10.50 pm, 11.20 pm, 11.50 pm, 12.20 am, 12.50 am, 1.20 am, 1.50 am, 2.20 am, 2.50 am, 3.20 am, 3.50 am, 4.20 am, 4.50 am, 5.20 am, 5.50 am, 6.20 am, 6.50 am, 7.20 am, 7.50 am, 8.20 am, 8.50 am, 9.20 am, 9.50 am, 10.20 am, 10.50 am, 11.20 am, 11.50 am, 12.20 pm, 12.50 pm, 1.20 pm, 1.50 pm, 2.20 pm, 2.50 pm, 3.20 pm, 3.50 pm, 4.20 pm, 4.50 pm, 5.20 pm, 5.50 pm, 6.20 pm,

HOME NEWS

Employers want more information on pupils

By Our Education Correspondent

School examinations are too academic and do not assess qualities highly valued by employers, the Confederation of British Industry said yesterday in evidence to the Commons Select Committee on Education, Science and the Arts.

The CBI strongly supported the development of pupil "profiles" recording academic, practical and personal strengths and weaknesses, particularly social and communication skills, which conventional examinations were not designed to evaluate. It said in a memorandum to the committee.

Employers wished to see increasing evidence of applied studies in schools, especially in such subjects as mathematics and science, and orientation towards work of practical relevance.

Adaptability, flexibility, and a readiness to continue learning would be particularly important, the CBI said, in which people could expect to pursue more than one career during their working lives, the CBI said.

The importance of communication skills is a recurring theme in the CBI memorandum. It was essential for such skills to be reinforced throughout the school curriculum, with particular emphasis on developing pupils' ability to listen and speak effectively, it said.

Modern language teaching should be directed more towards effective communication, especially in speech, and to business and social uses of language. Languages other than French, in particular German and Spanish, should be more widely taught.

The TUC, in evidence to the committee, also called for profiles of school-leavers to record competence, interests, and achievements that were not measurable by examinations.

By Our Planning Reporter

The Greater London Council is to make a formal complaint to the Government's Property Services Agency about the lack of consultation on alterations to Crown buildings of special architectural or historic interest.

Mr William Bell, chairman of the council's historic buildings committee, said yesterday that the standards of design and craftsmanship in work recently carried out at St James's Palace were not of an appropriate quality.

A report said that a new dormer range now appeared in the parapet of the Old Stable Yard range, changes had been made to the end of the open arcade, and the standard of repointing and bonding of the brickwork was inappropriate.

Mr Bell said: "The PSA normally consult the GLC and Westminster City Council before work is done but in this case they did not do so."

The agency said that its staff had been reminded that they must go through the correct planning procedures.

Chomsky debate absorbs the Royal Society

By Pearce Wright

A linguistic analysis of two sentences, "John is too stubborn to help Bill" and "John is too stubborn to help", opened a monumental argument at the Royal Society in London yesterday on how human beings acquire language.

Intellectual knockabout was perhaps predictable at a joint meeting of the Royal Society for the Advancement of Science and the British Academy for the arts, but as if to ensure that the audience of 600 researchers, teachers, computer technologists and linguists would be treated to fireworks, contributors included Professor Noam Chomsky, of the Massachusetts Institute of Technology.

Professor Chomsky believes that language is an uniquely human characteristic, and that each person has programmed into his genes a faculty called universal grammar.

The Chomsky theory has great practical implications for research testing of rules for perfect machines for automatic language translation, to develop computer systems with artificial intelligence, or simply to make vending machines that will dis-

Prisoner's smuggling claim

By Stewart Tandler

Prisoners at Brixton prison, London, can smuggle out anything they want to on a regular basis, a man held there told a jury at the Central Criminal Court yesterday.

To show that his wife had not taken out a map to be used in an alleged escape attempt, Brian Keenan explained how things could be passed through the prison in various ways.

Mr Keenan, aged 39, his wife, Christine, and three other people had been charged with conspiring to free him using a

Lords committee calls for better use of EEC regional fund

By George Clark

Political Correspondent

An attack on the way Whitehall departments choose specific industrial projects for grants from the EEC regional fund, then put the money into the general fund for aid to the regions, is made by the House of Lords European Communities Committee in a report published today.

After an inquiry by a sub-committee headed by Lord Plowden, the committee says that publicity given to industrial projects said to have been recipients of EEC aid is misleading, and that the system of giving aid from the regional fund for industrial investment should be abandoned.

Evidence suggested that the regional fund caused very little to happen that would not have happened anyway, and that the principle of additionality was largely disregarded in practice, the report states.

That when a specific EEC grant is awarded it is added to the government aid already made available to the company through the provisions of the Industry Act.

It was argued before the committee that much time and effort could be saved by straight transfer of funds for regional development between the exchequer of the member states through the Community budget.

But the committee rejects that idea, arguing that it would be more difficult to establish whether the funds were actually

spent on regional development, and even more difficult to ensure that additionality was respected.

"Instead, we consider that the objective of the forthcoming review... should be to harness the good will shown by local bodies towards the regional fund within a sensible administrative framework, by improving the present operation of the fund", the committee says.

One witness, Mr T. W. Buck, of the Department of Industrial Economics, Nottingham University, said attempts were made to attract publicity to projects said to be in receipt of European aid.

Journalists did their best to put the European Commission in a good light. But at the end of the day they had to report that a company like Carreras, which was mentioned in the press in November, had enjoyed aid money in name only.

Lord Ardwick, a member of the committee and a former member of the European Parliament, commented that there was obviously a good deal of charade about regional policy. "In politics charades are not only often useful but are often absolutely essential", he said.

In a general comment the committee complains that the fund is far too small. The United Kingdom received £136m in 1980.

Fourteenth Report of the House of Lords European Communities Committee, Session 1980-81, (HL93) Regional Policy, (Stationery Office, £6.30.)



Beneath London: Paved concrete track (PACT) being laid in a tunnel between King's Cross and Farringdon for British Rail. The project is part of the St Pancras-Bedford railway electrification scheme and may eventually be used for

the north to south railway link through London. PACT was invented by British Rail engineers and the plant was designed and built by McGregor (Paving), a subsidiary of Norwest Holst, the civil engineering and construction group, which is carrying out the £750,000 contract. The tunnel is about 130 years old. The contractors are slip forming 2,000 metres of double track. The track-laying method was first used in 1967

Photograph by Keith Wainwright

Ken Dodd fined after road accident

A student told a court yesterday that his eyesight was damaged in a road accident which involved Ken Dodd, the comedian.

Mr Robert Pownall, aged 22, said he was hurled head-first into a wall when Mr Dodd drove his Ford Granada estate car across the path of his motor

cycle in Park Road, Liverpool, last October. Glass damaged his left eye, he told Liverpool magistrates. He would be blind in that eye until a special device like a contact lens was fitted.

Mr Kenneth Arthur Dodd, aged 53, of Thomas Lane, Knotty Ash, Liverpool, was fined £50 and ordered to pay £4

costs for driving without due care and attention. He denied the charge.

Mr Pownall, of Tenby Close, Cambridge, said he was travelling at about 35 mph. Mr Dodd said the motor cyclist came at him "like a flash" at between 50 mph and 60 mph.

Firm charged

Gardner Merchant Food Services Ltd, of Croydon, has been charged with 21 contraventions of food hygiene regulations as a result of food poisoning after a lunch at the completion ceremony for the Drillingmaster rig last August 28 at Arnish Point, Stornoway.

Voluntary code on nature sites opposed

By John Young

The government-financed Nature Conservancy Council came out firmly yesterday on the side of conservation groups and against the Government over protection of sites of special scientific interest.

A government amendment which would provide for voluntary agreements with landowners is expected to head the agenda when the Wildlife and Countryside Bill reaches the second day of its report stage in the Lords today.

But the council has said it will support an all-party amendment requiring that it be notified of all threats to scientific sites and empowered to seek agreements with the owners.

Sir Ralph Verner, the council chairman, said yesterday: "Even if a voluntary code of conduct were compiled jointly by the agricultural departments and the NCC, with full consultation with landowning and farming organizations and backed by the statutory authority of Parliament, it would not be effective in restraining either that small minority of farmers who care nothing for conservation, or those who feel in present economic circumstances that they have no option but to maximize production."

A council survey completed this week shows that of 3,051 sites of biological interest in Britain, 235 (8 per cent) were significantly damaged last year. But a random field survey indicated that the figure might be 15 per cent.

Police chief attacks Foot fire remarks

By Peter Evans

Home Affairs Correspondent

Mr James Jardine, chairman of the Police Federation, yesterday attacked Mr Michael Foot, Leader of the Opposition, for his comments on the police investigation of the south London fire in which 13 young black people died.

"It is bad enough when those who make such a wicked attack on police integrity belong to the 'lunatic fringe', but when a major political party, including its leader, appears to lend support to the lie, it is a disgrace."

Mr Jardine said that Mr Arthur Latham, chairman of the Greater London Labour Party had suggested last Sunday that the police were not doing everything in their power to solve the case. "He spoke in the presence of Mr Michael Foot, the Leader of her Majesty's Opposition. And Mr Foot appeared to lend his weight to that accusation."

"It is true that he has since tried to explain his remarks by saying that he was not trying to prejudice the police investigation. I accept that Mr Foot apologized to the House of Commons. I am prepared to give him the benefit of the doubt, but I hope that in future he will think before he opens his mouth."

Mr Jardine referred to suggestions that because the victims were black the police were not doing everything they could to discover the truth.

"It is a damnable lie. And it is a lie which has been manufactured for naked political reasons. It is the aim of those who peddle the lie to build up more hatred of the police. It is part of the attempt by some groups to use the young black population of our cities as their tools."

The aspirations of the technologist, however, seemed far removed from the urbane atmosphere in the rooms of the Royal Society.

There are large questions hanging over the set of rules that Professor Chomsky is drawing up to describe his universal grammar, and many were expressed by Dr Laurence Cohen, a linguist from Queen's College, Oxford.

Conflict is inevitable between the mathematical techniques devised to test Professor Chomsky's theories that human beings learn a language, not by induction or conditioning, as behaviourist psychologists would have us believe, but by imposing on experience innate ideas.

Dr Anthony Kenny, the Master of Balliol College, Oxford, gave an analysis which tried to reconcile the opposing theories. He did not quarrel with innateness, but nor did he accept that the evidence showed a possible set of rules fitting a universal grammar of such power as Professor Chomsky described.

Mr Keenan also pointed out that prisoners were going out day after day to commit proceedings and often met their relatives at the courts.

The trial continues today.



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| Rover 2600 | 8,983 | 12.1 | 117 | 21 |

(All from 'What Car?')

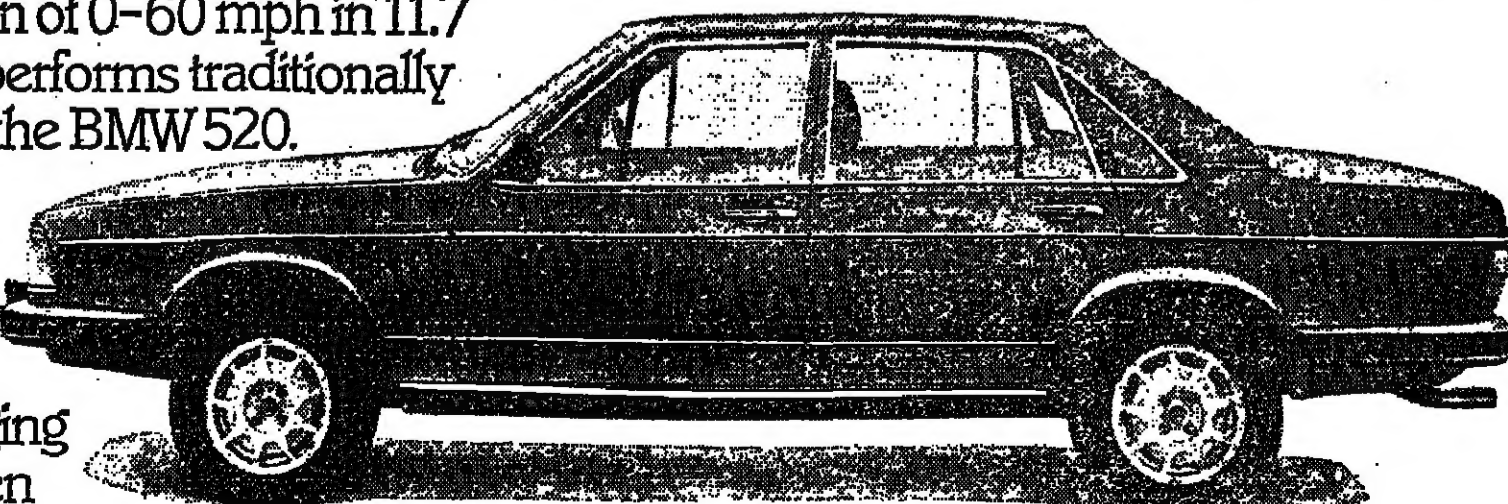
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HOME NEWS

Women win pensions discrimination case against bank

By Lucy Hodges

Two British women who sued Lloyds Bank over sex discrimination in its pension scheme yesterday won an important victory at the European Court of Justice in Luxembourg, which the bank said caused them some consternation and surprise.

The case, which directly challenges English law, was hailed by the Equal Opportunities Commission as "an historic landmark in the long journey towards achieving equality".

The commission, which supported the case, said the court had put into practice the sex equality guarantee in the Treaty of Rome for large numbers of men and women in the Community who felt discriminated against in occupational pension schemes.

The case will now return to the Appeal Court in London, where the European judgment will be considered. If it is accepted, the commission estimates that 14,000 women at Lloyds Bank will be affected.

Mrs Susan Worthingham and Miss Margaret Humphreys complained that they were discriminated against because of arrangements for paying pension contributions for those aged under 25 at the bank.

Men under 25 received an extra 5 per cent on their gross salary which they paid into the pension scheme. Women under 25 were in the same scheme but their pension contributions were deducted from their salary. That meant their salary before tax was lower than the men's, although it was the same after tax.

It has meant that their redundancy payments (calculated on gross pay) were lower than the men's, and that if they left the bank before their twenty-fifth birthday they would not get any pension contributions repaid.

The men were repaid the 5

per cent they put into the pension scheme.

Mrs Worthingham and Miss Humphreys asked the bank to repay the money they felt they were owed.

The judges ruled yesterday that the pension arrangement fell clearly within Article 119 of the Treaty of Rome, which says that men and women should receive equal pay for equal work. Pay is defined broadly to include remuneration in cash or kind which workers receive in respect of employment.

Lloyds Bank, which took the case to the Court of Appeal after the women had won in the Employment Appeal Tribunal, argued that the British equal pay and sex discrimination Acts contained an exemption for arrangements concerned with pensions and retirement, and that pensions were not "pay" under the Treaty of Rome.

The case, which was argued for the women by Mr Anthony Lester, QC, a political adviser to Mr Roy Jenkins when he was Home Secretary, will not affect the state pension scheme, which requires men to retire at 65 and women at 60.

But it does challenge the pensions and retirement exemption of the two Acts where occupational pension schemes are concerned.

The commission yesterday invited victims of sex discrimination in such schemes to take their cases to industrial tribunals and the courts.

This is the second case the commission has won in Luxembourg. Three other cases are outstanding, two of which involve retirement benefits in the state sector. The United Kingdom is the only country to test EEC law in that way.

Lloyds Bank said they would wait for the Court of Appeal's interpretation before taking action.

BA prefers Rolls engines to US rivals

By Arthur Reed

British Airways will stay with Rolls-Royce for engines for its fleet of new Boeing 757 airliners whatever offers the American engine manufacturers may make, Mr Roy Watts, chief executive of the airline, said yesterday.

Pratt and Whitney, one of the two big United States manufacturers, has been attempting to induce airlines which have said they will buy the Rolls-Royce RB211-535C to switch to its new engine, the 2037.

Earlier this week Rolls beat off a Pratt and Whitney approach to Eastern Airlines, the large United States operator. Eastern said it would stay with Rolls, but would take a more powerful and fuel-efficient version of the 211-535.

The statement by Mr Watts is therefore the second piece of cheering news Rolls has had on the 211-535 this week, after losing two big orders recently to the 2037 to power 757 airliners ordered by two United States airlines.

Mr Watts forecast yesterday that BA, due to make a loss of at least £100m this financial year, would return to profitability in 1981-82. If the airline's commercial plans were between the two years could be fulfilled, the financial turnaround as much as £150m, he said.

That will be achieved through lower costs, greater punctuality of services, higher productivity and lower staff numbers. BA has 6,000 fewer employees than 18 months ago, and the long-term target is to reduce the numbers to 40,000 from the peak figure in 1979 of 58,600.

BA has spent £5m to improve seating in the first-class and club-class compartments of its Boeing 747 jumbojets and a further £2m on better inflight catering.



Miss Joanna Harris on her last day at work yesterday after a closed shop dispute.

Bouquet for closed shop rebel

From Michael Horsnell

Tipton

Miss Joanna Harris, who was forced to give up her job as a poultry inspector because she refused to join a trade union, left work yesterday with a bouquet of tulips from her union colleagues.

It was Miss Harris's last day as a £70-a-week council inspec-

tor at a poultry slaughterhouse in Tipton, West Midlands, where she worked for two years until the local Labour-controlled Sandwell council told her either to join the National and Local Government Officers' Association or to leave.

Miss Harris, aged 20, said: "It is a very, very sad day for me, but there is no question of changing my mind and joining the union. I enjoyed my job and do not have another one to go to. But why should I acquiesce in something I do not believe in?"

She plans to survive on her savings for a week or two while searching for jobs, but she ex-

pects to have to claim unemployment benefit soon.

Miss Harris, who has received more than 100 letters of support, is taking legal advice before deciding whether to take her case to an industrial tribunal.

She said: "The publicity has brought this situation to the attention of the Government and the public, so everyone is now aware what is happening here. That is a good thing."

"It has not really hit me yet that I shall not be coming back. I shall miss my colleagues, we have got on very well despite their decision to join Naiglo. I have not decided yet

whether to appeal. What I want is reinstatement. I do not want compensation."

Her two union colleagues from the council's environmental health department who are based at the slaughterhouse took her out for a drink.

One of them, Mr Stephen Turner, aged 27, said: "I think she is a very fine young lady to have stood by her principles. I wish her well. I think what has happened to her is terrible."

Sandwell council came to a closed shop agreement with its employees last summer shortly before the Employment Act came into force.

US team set to launch torpedo sales war

By Henry Stanhope

Defence Correspondent

Rear-Admiral Jackson, of the United States Navy, will lead a 12-man team to the Ministry of Defence tomorrow to fire the opening salvo in a £500m torpedo sales war which could have important implications for British industry.

The target is Naval Staff Requirement 7525, which means a lucrative contract to supply the Royal Navy with a new heavyweight torpedo for its submarines in the late 1980s.

He will be armed not only with an advanced version of the Mark-48 torpedo, but also with a fat packet of proposals for British sub-contractors. Gould Ocean Systems, which makes the Mark-48, hopes that those who will win support in this country for the American option.

Marconi Space and Defence Systems, which is also presenting its case at the ministry tomorrow, is competing with an all-British prototype. It makes use of the high technology embodied in Sting Ray, the controversial new lightweight torpedo which is due to enter service on British helicopters,

maritime aircraft and surface warships in two years time.

Marconi also says that a decision to choose an American torpedo to replace the Mark-24 Tigerfish in the Royal Navy would have a damaging effect on the future for torpedo development in Britain.

An indication of the fierce competition is that Mr Don Gouy, Gould's vice-president, has arrived armed with a guarantee that 35 per cent of the cost would be offset by £75m of contracts with British industry.

Moreover, Gould is dangling the prospect of trebling that if it wins the order.

Gould executives also claim that their Advanced Capability Mark-48 would be ready two or three years before the British deadline, while the Marconi prototype, they say, sank during a recent trial.

Gould argues that it offered Marconi the chance to collaborate last year, but was rejected because Marconi was confident of winning the contract. That is why the Americans feel justified in making separate approaches to other British companies.

Democrats may fight constituency in GLC poll

By Ian Bradley

Social democrat sympathizers in one of London's most left-wing constituency Labour parties will meet tomorrow evening to discuss the possibility of putting up a candidate in the Greater London Council elections in May.

The meeting has been organized in the Lambeth, Vauxhall, constituency by Mr Roger Liddle, a former political adviser to Mr William Rodgers, MP for Teesside, Stockton and one of the founders of the Council for Social Democracy.

Mr Liddle said yesterday that he had invited local Labour members sympathetic to the social democratic position and people who had written to the council.

About a third of the active members of one ward in the constituency, Princes Ward, were on the point of leaving Labour, he said. "Social democrats have ceased to go to party meetings because of the general atmosphere."

"The problem in Vauxhall is that you cannot have a debate with the left because there is no common ground. They are interested only in class confrontation."

Mr Liddle said that the possibility of putting up a social democrat candidate in the GLC election would be only one item on the agenda. He would not stand for election.

Labour's official candidate for the constituency will be Mr Bryn Davies, a left-winger, who at present represents it on the GLC.

Haughey denial of secret talks on defence pact

From Christopher Thomas

Dublin

Mr Charles Haughey, Prime Minister of the Irish Republic, yesterday bowed to pressure from within his party and rejected any immediate prospect of abandoning the country's military neutrality.

He told the Dail: "I state unequivocally that the Government are not discussing or negotiating any kind of secret agreement on defence with Britain or with any other country or group of countries."

He was careful, however, not to rule out the eventual possibility of a defence pact with Britain or Europe in the context of a political solution in Northern Ireland.

In brief

Island offer to Royal couple

The Prince of Wales and Lady Diana Spencer have been invited to spend part of their honeymoon on the Caribbean island of Nevis.

Mr Simeon Daniel, a minister in the St Kitts and Nevis Government, last night declined to say whether a reply had been received. Buckingham Palace said it was not known whether the couple had decided their honeymoon plans.

600 in hospital strike

Six hundred ancillary staff, all members of the National Union of Public Employees, at two hospitals went on strike last night after a porter who was allegedly found asleep while he claimed to be off duty was dismissed. The hospitals concerned are Booth Hall Hospital for Children and North Manchester General Hospital.

'Budget day' dispute

Officials of the Society of Graphical and Allied Trades and the management of the Financial Times are to hold talks next week on a dispute over an extra "Budget day payment" which cost 56,000 copies of the paper's final edition yesterday.

Labour resignation

Professor Peter Hall, head of the department of geography at Reading University and a former chairman of the Fabian Society, has resigned from the Labour Party after 20 years' membership.

Eurovision song entry

Bucks Fitz, the pop group, will represent Britain in next month's Eurovision Song Contest in Dublin. Their entry "Making your mind up", last night won the BBC's "Song for Europe" contest.

Later Summer Time

Summer time will begin this year at 1 am on Sunday, March 29, a week later and an hour earlier than usual because the United Kingdom is falling in line with other EEC countries.

Allowances increased

The maximum attendance allowances for members of local authorities will be increased on Saturday from £13.25 to £14 a day and the financial loss allowance from £14 to £17 a day.

Manor house saved

A residents' group has saved a Jacobean manor house, Swakeleys, at Hillingdon, West London, from dereliction by forming a company to buy it.

New Runcie initiative for unity with Rome

By Clifford Longley

Religious Affairs Correspondent

The Archbishop of Canterbury, Dr Robert Runcie, invited the Roman Catholic Church to enter serious negotiations for unity.

Speaking in Westminster Abbey yesterday, he set out a series of issues which the Church of England and Anglican Communion have to be satisfied, and the Roman Catholic Church state its specific requirements for unity.

Dr Runcie's initiative, cleared with the Pope's visit to England next year in mind, firms rumours that church leaders have decided that time is right to "get to grips with the remaining obstacles that separate Anglicanism from Roman Catholicism."

Cardinal Hume, Archbishop of Westminster, who can be said to know Dr Runcie's mind, is believed to support the grasping those nettles. The strategy appears to be that each church will tell the other what its minimum demands are to see if they can be met.

Dr Runcie chose the occasion of an ecumenical service in Westminster Abbey to begin identification of the Church of England's position.

He asked questions, which Rome will be pressed to answer, touching on such issues as: "traced back to the marriage of the degree of freedom of churches from Vatican canon law would the Anglicans be expected to accept the 'Laus attitudes and rulings of various Vatican Congregations?' Some of his questions were singularly sharp.

"Ultimately," he said, "theological question can be like this: What is involved, what is not involved, in the acceptance of the universal ministry of the Bishop of Rome; is it ministry not solely concerned with the basic unity of faith in the worldwide communion of the churches and of God-given diversity; would it mean, at the most, a form of universal presidency, in which where essential matters faith are at stake; what can be said about the various synods of the Anglican Communion?"

His phrasing of each question included an indication how far Anglicans could go according to the requirements. But none of his questions is the obvious, and an eventual Roman Catholic reply would have break new ground in stating negotiating position.

Dr Runcie's new approach marks a change from present phase of Anglican Roman Catholic relations, which have concentrated so far on cooperation and good will at the public level, and the search for common ground in the representatives of each church in the Anglican-Roman Catholic International Commission.

Substantial agreement on key issues of the Reformation has been announced by the commission, far more than expected, though the work is yet to be completed.

The burden of his remarks was the need to fortify Anglican commitment to diversity in a united church, and his reference to the Anglican concept of "comprehensiveness", which arose from original Elizabethan settlement in England; and also to Second Vatican Council's teaching of a "hierarchy of truth."

He said that complete agreement on every issue was never had been, a characteristic of church unity; it had uniformity of practice.

"We are now at the stage of dialogue when the hard questions need to be put," he added. "Runcie, who has some tough questions to put Anglicans as well. In this change both traditions will be purified and renewed." He declared, absolutely committed to Anglican-Roman Catholic unity, deeply so, both personal and theological reasons.

He concluded: "It is the fore my profound hope is that when the present successor Pope Gregory comes to the counterpane next year, St Augustine's present successor will be able to take a step towards the mutual exchange which will show both traditions more clearly what visible structures that unity in diversity requires."

Customs blockade men are warned

By Donald Macintyre and David Felton

Labour Staff

The first sign of government reprisals against industrial action by civil servants came last night when four Customs and Excise employees in Liverpool were told that they faced suspension this afternoon.

The warning came as the Council of Civil Service Unions claimed complete success for their "cargo blockade" of goods to and from the Irish Republic through ports in the North-west and Wales.

The four clerical assistants received a written warning that they would be suspended at 4 pm today unless they number and stamp customs entries relating to Irish freight. The Irish Export Board said in Dublin that the situation was "serious."

The move to suspend the four, all members of the Civil and Public Services Association, out of 150 employees taking action in at least five ports, brought an immediate threat of resignation.

Miss Veronica Bayne, a member of the unions' joint Ports and Airports Action Committee, said civil servants would "stand

firm" against disciplinary action, and added: "If management do suspend, we cannot guarantee that other countries' trade will not be hit."

As the refusal to process Irish traffic halted cargo worth, according to one estimate, £15m a day, the work of Companies' House in London came to a standstill.

Solicitors and accountants were told that Companies House records would not be available for normal searches. The selective strike by 260 staff at the Southend computer centre continued to disrupt value-added tax accounting.

Customs and Excise union members also claim to have delayed the Budget increase on tobacco, drink and petrol duty. Officers in some bonded tobacco and spirit warehouses and bonded oil depots have refused to perform required stock checks until today.

Mr William Kendall, general secretary of the council, said the Chancellor's measures, particularly those affecting tax, would "only increase the militancy and determination among civil servants to win the full 15 per cent claim."

Computers idle: Costly computers standing idle in value-added tax headquarters Southend are a stark example of the effects of the Civil Service union's campaign "guerrilla" industrial action.

Outside the offices and other government buildings in Victoria Avenue, better known as the local population "Bureaucrats Avenue," a picket line of young women of whom are on strike is the first time.

The unions have called on 250 employees in the VAT and related computer operation and claim that their action could lead to a shortfall in revenues passing to the Government of £350m a week. The department's four ICL computers are all affected.

Signals station working: For the second day in succession, today to keep operational a highly sensitive Composit Signals Organisation Station at Bude, in Cornwall, despite the continued absence of some communications staff (Peter Hennessy writes). The installation tracks the path of Soviet satellites.

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HOME NEWS

£500m gap in defence funding gives impetus to urgent review of costs and options

By Peter Hennessey

Acute pressure on the defence budget, highlighted by an announced gap of about £500m or 5 per cent, between commitments and the money to pay for them, has led the Ministry of Defence to launch a fundamental inquiry into the size and shape of the Armed Forces and their equipment programmes.

The phrase "defence review" has been unofficially banned in Whitehall because of its associations with past Labour governments, but officials are treating the exercise as a defence review in all but name.

It is being conducted as a matter of urgency even before the procurement of the Trident force as the country's new strategic nuclear deterrent begins to exert stress on conventional weapons programmes.

The ministry estimates that Trident will absorb 5 per cent of the total defence budget in its peak spending years, between 1985 and 1990, the same proportion as the gap now yawning between commitments and funds.

In last week's Commons debate on Trident Mr John Nott, Secretary of State for Defence, prepared the parliamentary ground for the results of the defence review when he said: "Resource pressures at the present time, and before the costs of Trident really commence at all might nevertheless

compel some hard decisions on adjustments to present programmes".

The review was given added impetus last month when the ministry's forward look at programmes, known as the "long-term costing", revealed a gap of some 5 per cent between commitments and funds, within weeks of Mr Nott giving the Commons details of how cuts of £200m in current defence spending were to be found after the Chancellor of the Exchequer's statement on public spending reductions last November.

Reminding the Commons on January 20 of the need to match resources to defence needs, Mr Nott portrayed the exercise as the kind of routine operation that the ministry performs between April and June. He omitted to mention the likelihood that it will lead to an important statement before Parliament rises for the summer recess, which would be unusual.

The main mechanism for briefing Mr Nott on the choices he and the Cabinet's OD (Overseas and Defence) Committee, chaired by the Prime Minister, will need to make between now and the summer is a team of civil servants and serving officers known as the Financial Planning and Management Group.

Under the leadership of Sir Frank Cooper, Permanent Secretary to the Ministry of Defence, it includes Admiral of the Fleet Sir Terence Lewin, Chief of the Defence Staff; General Sir Edwin Bramall, Chief of the General Staff; Admiral Sir Henry Leach, First Sea Lord; Air Chief Marshal Sir Michael Beesley, Chief of the Air Staff; and Mr David Cardwell, Chief of Defence Procurement.

The Trident programme was included for the first time in the long-term costing completed last month. On January 20 Mr Nott made clear that for all its estimated cost of £5,000m over a 15-year period, the Government's decision to procure it as the country's third generation strategic deterrent would not be reversed.

The most important absorbers of the defence budget are programmes involving the Tornado multiple combat aircraft, the Nimrod early warning aircraft, the Royal Navy's antisubmarine carriers, its new frigate and destroyer programme, the latest stage in its hunter-killer submarine programme, the Rapier air defence missile and the tail end of the Chevaline improvement to Polaris missile warheads.

By the middle of this decade the big spenders will still include Tornado, Nimrod, Rapier and the Royal Navy's

destroyers and frigates, as well as the new additions of the Challenger main battle tank and Trident.

In examining those programmes, Sir Frank's group will take them under the five headings of Navy, Army, Air Force, Procurement, Executives and Miscellaneous. Intimately involved will be the controllers of the programmes and the so-called size and shape divisions of the ministry's defence secretariat: DS1 for the Royal Navy, DS2 for the Army, DS3 for the Royal Air Force and DS4 for the Procurement Executive.

Much of the work will fall to a subcommittee of Sir Frank's group known as PP4 (A) (Financial Planning and Management) Group (A) chaired by Mr Desmond Bryars, the ministry's deputy secretary responsible for finance and budget. Mr Bryars's team will be required to look at the growth rate of the bill for equipment programmes disclosed by the long-term costing and to assess the feasibility of sustaining them.

By the end of June Sir Frank's group should have prepared briefs for Mr Nott and the OD Committee, laying out the choices available to the Government if its defence aspirations are to be matched with the British economy's ability to pay for them.

Prosecution rights on indecency retained

By Richard Evans

Private individuals are likely to have an unfettered right to bring prosecutions under the proposed new law on indecent displays, despite a warning yesterday that it could lead to vexatious proceedings and unjustified "clean-up" campaigns.

The standing committee examining the Indecent Displays (Control) Bill rejected attempts to prohibit private prosecutions or to allow proceedings only with the consent of the Director of Public Prosecutions.

But Mr Ivan Lawrence, Conservative MP for Burton, said that without some restriction on private prosecutions "make life hell for reasonable and responsible people who are not really offending the community."

It is likely campaigns could get started to clean up London, Burton or anywhere else in circumstances where even those who are against the public display of pornography in any form would not feel they were justified," he said.

Mr Lawrence quoted from a letter sent to him by the retailing managing director of W. H. Smith saying that there should be protection for traders against frivolous or vexatious prosecutions. The firm could be open to a "whole group of people having a go at us" unless a restriction on the right to prosecute.

Mr Patrick Mayhew, Minister of State at the Home Office, said that under present legislation on indecent display it was open to anybody to bring private prosecutions. But it rarely happened.

There were positive arguments for preserving the individual's right to bring proceedings. A refusal to act in particular circumstances by prosecuting authorities could be challenged.



Mr Richard Booth, a bookseller, of Hay-on-Wye, Powys, with some of the 100 tons of second-hand books he is offering for sale for burning at £1.50 a car load. He has 1.5m books, occupying 11 miles of shelves.

Father loses action over school bus fares

By Richard Ford

The decision by Suffolk County Council to impose a minimum travel limit on the provision of free transport for school children was upheld in the High Court yesterday.

Charging children aged under nine who live between a mile and a half and two miles from school was not unlawful and the authority was entitled to take financial considerations into account, Mr Justice

McNeill said. He dismissed an action brought by Mr Graham Jones, a parent and local government officer, who had sought to have the decision declared void.

Mr Jones, whose son Daniel, age five, attends Tollgate Primary School, which is between a mile and a half and two miles from his home at Colton Cottage, Fornham All Saints, Bury St Edmunds, argued that the new policy had been decided purely on the grounds of cost.

The council had disregarded some other considerations.

Mr Justice McNeill said in giving judgment: "It is my view it is quite impossible to hold that the county council was exercising its discretion improperly or unreasonably."

After the hearing Mr Jones, who had costs awarded against him, said: "Naturally, I am very disappointed, but I think we had a fair hearing." He would consider an appeal.

Husband who hid body guilty on homicide charge

John Traynor, aged 39, of Kirkcaldy, Fife, who killed his pregnant wife and hid her body for more than 15 years, was found not guilty of murder but guilty of culpable homicide at Perth High Court yesterday. The judge, Lord Cameron, will pass sentence today.

Mr Traynor had denied murdering his wife, Jeanette, between July and December, 1965, at their home in Dyar, Fife, but admitted causing her death.

He told the court he had hit her when she taunted him during an argument that her baby was not his. Her head had hit the fireplace.

Mr Traynor wrapped the body in sheet and hid it behind a wardrobe, where it lay for four or five years until he moved house.

The corpse was hidden in a coal cellar at the new house until it was discovered last year.

Lord Cameron said: "The history of your married life and your own history would indicate you are a man who, up to this time, had a wholly blameless record."

BMA backs pill for some girls under 16

By a Staff Reporter

The British Medical Association conditionally supports doctors prescribing the birth control pill to girls under 16 without their parents' knowledge. That backing is contained in the BMA's revised handbook on medical ethics, which is to be published later this month.

It says that a doctor should attempt to convince the girl that her parents should be consulted in the decision. If unsuccessful, he would decide whether the girl was mature enough to understand the decision she was making. If he is satisfied, he would then make a clinical decision on whether providing contraception is in her best interests.

The handbook says that the BMA's legal advice is that if the doctor is acting in good faith in protecting the girl against the potentially harmful effects of intercourse he would not be acting unlawfully.

The new advice was published yesterday by the Brook Advisory Centre in a guide to the law on contraception and abortion for those under 16.

Move to curb private health treatment in London

By a Staff Reporter

A second London area health authority is to consider seeking designated status to attempt to limit the growth of private hospital facilities.

Kingston, Chelsea and Westminster area health authority has already announced that it will decide next week whether to apply for such status.

Mr Patrick Jenkin, Secretary of State for Social Services.

If the status is granted, new projects will have to be approved by the Secretary of State, not merely notified to him. The authority will also be able to comment on or oppose private developments on the ground that they would be harmful to the National Health Service.

Camden and Islington area health authority is now proposing a similar application.

Jail for false benefit claims likely to end

By Frances Gibb

The Government is expected to be defeated in a committee stage vote today on a clause in the Social Security Bill that proposes to increase from three to six months prison sentences for making false benefit claims.

Two Conservative MPs are likely to join Labour front-benchers in supporting an amendment proposed by Mr Robert Kilroy-Silk, Labour MP for Orkney, that the prison sentences should be abolished for such offences.

The Government has proposed the increase in sentences for offences under the Family Income Supplement Act, 1970, the Social Security Act, 1975, the Child Benefits Act, 1977, and the Supplementary Benefits Act, 1976.

Mr Kilroy-Silk, who is chairman of the all-party parliamentary group on social security, has proposed a variety of alternative measures, from keeping the sentence as it is, to abolishing it and replacing it with a community service order.

The Government is also proposing to increase maximum fines for social security offences from £400 to £1,000. Mr Kilroy-Silk has tabled an amendment requiring that people to be fined be issued with a form asking for details of financial circumstances, which would then be taken into account in deciding a fine.

That, too, is likely to be carried. Mr Kilroy-Silk said yesterday: "This will ensure that people do not have to make difficult choices such as whether to pay the fine or to buy their child a new pair of shoes, and so default and end up in prison."

EMI may face Czech claim over recording

EMI Records may be asked for compensation if it is proved that it has been selling a record of Chopin's first piano concerto as by Dinu Lipatti which is in fact a Czech Supraphon recording.

A Polish pianist, who has been carrying out a series of recordings, said yesterday: "This will ensure that people do not have to make difficult choices such as whether to pay the fine or to buy their child a new pair of shoes, and so default and end up in prison."

Mr Stanley Simmonds, of Bond Street Music, Supraphon's British importer, believes the Prague company is not yet aware of the situation. He will be taking up the matter in Prague soon.

New report on dead nurse

From Our Correspondent

Secrecy surrounds a new report on the death of Miss Helen Smith, the British nurse, compiled by Professor Alan Usher, a leading Home Office pathologist.

Professor Usher, of Sheffield University, has sent his findings to Mr Miles Coverdale, the Leeds deputy coroner, who will study the report before deciding whether to hold an inquest.

Police inquiries into Miss Smith's death in May, 1979, at an illegal drinking party in Jiddah, Saudi Arabia, are due to be completed soon. Professor Usher was present at the independent autopsy performed by Professor Joergen Dalsgaard, a Danish pathologist, whose findings were disclosed last week. He found she had been assaulted first.

The father of the dead nurse, Mr Ronald Smith, of Elshor Avenue, Guiseley, near Leeds, said: "I am not interested in an inquest. I am still pushing, with the help of MPs, for an inquiry by a parliamentary select committee."

ENERGY BLUEPRINT NO. 11

PLANNED EFFICIENCY AND ECONOMY IN THE USE OF ELECTRICITY

Heat pump and thermal wheel combine to beat waste.

Energy-saving electric heat pumps are rapidly gaining a reputation for providing comfortable conditions throughout the year with the bonus of very efficient heating. But as if to prove that refinement is always possible, a recent installation is saving even more energy by using waste heat recovered by a special thermal wheel to boost a heat pump's normal output.

Tyres, a St Helens department store, have had this combined system installed for a new floor they added to their existing building to house a restaurant and hairdressing salon.

A collecting hood above the restaurant kitchen is ducted directly to the thermal wheel. Hot air is drawn up through special grease filters and rejected through the roof-mounted thermal wheel, where an average of 70% of the heat is retained to warm incoming fresh air, which is then ducted to the roof-mounted heat pump.

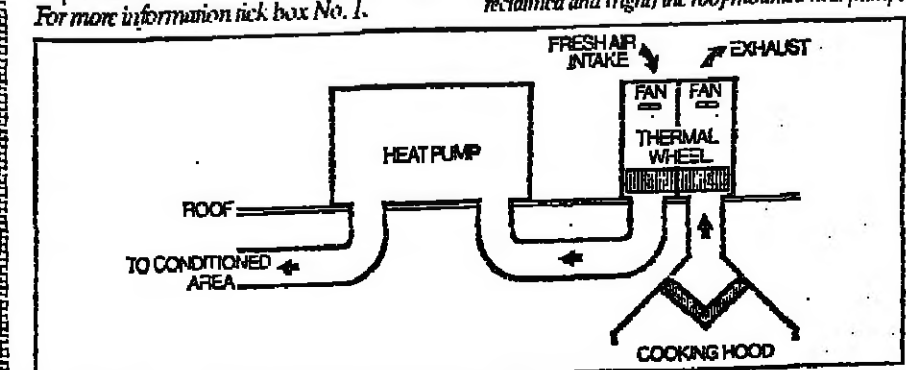
The main source of reclaimed heat is the cooking equipment itself. But much of the waste heat from the hairdressing salon and restaurant is recovered, too—by duct from the salon and directly from the restaurant to the collecting hood via the access doors and servery.

A control system with sensors in the conditioned areas helps to maximise the energy-saving potential. In milder winter conditions, reclaimed heat is enough to maintain the interior temperature. The controller progressively brings in the heat pump and finally up to three stages of supplementary electric heating only as needed.

The same control applies to summer cooling. Generally, fresh outside air is enough, so the heat pump acts simply and economically as an air mover. Only when outside air can no longer satisfy the cooling requirement is mechanical cooling needed. For more information tick box No. 1.



Above: Tyres' new superstructure with restaurant and hairdressing salon. Below left: how the heat is reclaimed and (right) the roof-mounted heat pump.



To all catering managers, news of an organisation that has increased the number of staff meals it serves and saved an estimated £45,000 in operating costs during the first year must be of more than passing interest.

At Perkins Engines, which operates the world's largest diesel engine plant at Peterborough, this remarkable example of cost-efficiency is due to the cook-freeze system recently installed. The transfer of some manufacturing facilities and office staff from two other locations in Peterborough to the Eastfield Plant meant an increase in the number of meals required per day. The management decided to review their whole catering operation and examined various alternatives, finally settling on cook-freeze.

Catering staff at the central freeze production unit number just seven—the manager, three full-time chefs and three packers. But between them, they can produce, freeze and store up to 3,000 food portions a day, vary menus on a six-week cycle, and give the company vastly improved cost, quality and quantity control.

This sort of cost-effectiveness is no accident—cook-freeze operations are carefully planned for results like this. All food is prepared and cooked in a central batch production unit. Then, packed in multi-portion foil containers, it is frozen in a tunnel blast freezer down to -18°C and centrally stored. In this way food is held in peak condition, for both nutritional quality and appearance.

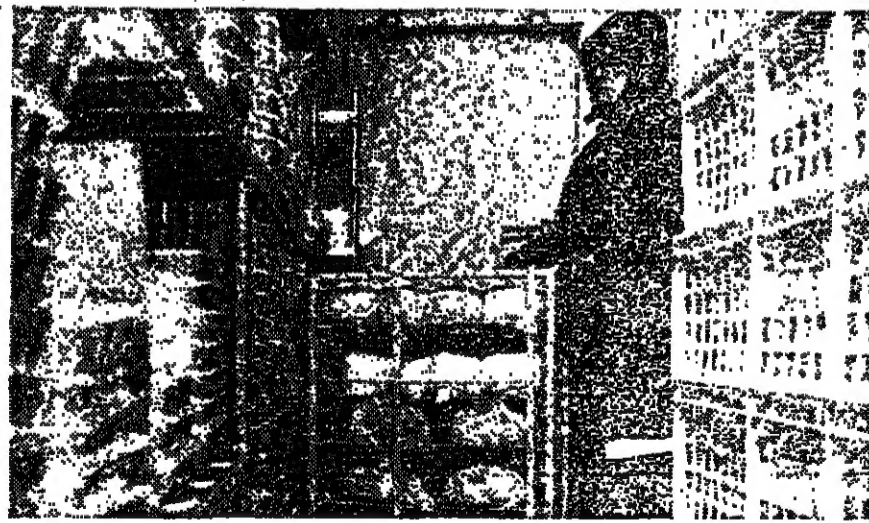
From the central unit it is a simple task to transfer the food once a week to finishing kitchens adjacent to staff restaurants. At Perkins there are five of these, each with cold-storage facilities holding an entire week's menus at a time. In compact finishing kitchens the food is quickly reconstituted and served.

Because these kitchens are designed only to reconstitute meals, considerable space savings can be made—up to 40 per cent on their conventional counterparts. Their staffing and equipment requirements are minimal and food waste is cut because only the precise number of portions required need be reheated. Efficient equipment use throughout the operation is a key factor in reducing energy consumption to a minimum. The meticulous planning that goes into commissioning a cook-freeze system ensures that each item of equipment has a well-defined role, and is only used when necessary.

Cook-freeze allows menu planning for many weeks in advance, so that the whole food-buying process can be rationalised. Life is easier for kitchen staff, too, because instead of cooking to tight mealtime deadlines, they have a planned timetable of activity spread evenly over the day.

Perkins' catering manager has been impressed by the speed and smoothness of the system in operation. He concentrates on producing main meals and sweets; frozen vegetables and prepared potatoes are bought in to reduce labour costs further. Additional items like sauces, custards and gravies are prepared from convenience packs in the finishing kitchens. For more information tick box No. 2.

Cook-freeze catering increases output, cuts operating costs.



Bulk deep freeze storage at Perkins Engines, Peterborough.

Is your lighting right?

Developments in task lighting systems for offices can result in significant savings in energy expenditure—if the overall system is carefully planned.

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President Bani-Sadr says he will resign rather than bow to Tehran 'conspiracy' against him

From Tony Allaway
Tehran, March 11

President Abolhasan Bani-Sadr of Iran today threatened to resign rather than be defeated by what he described as an organized conspiracy against him.

"I have done my best to fulfill the role I have upheld," he said in an editorial published in the newspaper *Islamic Revolution*, "but it is not the right thing to stay and shoulder the responsibility for defeat."

As the political battle continued over violence at a rally held by the President last Thursday Mr Bani-Sadr said: "In my view the whole thing is a conspiracy, aimed at outmanoeuvring the President, which will continue until the people become aware and stop it."

"This is not a republic where I can feel proud of being its president... this is not a title I have any illusions about."

This is the first time Mr Bani-Sadr has explicitly threatened to resign after his election by more than 70 per cent of voters in January last year. The moderate newspaper *Mizan* today speculated that the President's opponents were, in fact, trying to make life so difficult for him that he would have no other choice.

Under the constitution, it noted, he would be replaced by a council consisting of the Prime Minister, the Speaker and the head of the Supreme Court, who are leaders of or

closely linked with the fundamentalist Islamic Republican Party which the President opposes.

In another surprise move apparently related to the political battle, Tehran's Revolutionary Court announced the forthcoming trial of Mr Abbas Amir-Entezam, who served as Deputy Prime Minister and Government spokesman in the first post-revolutionary government of Mr Mehdi Bazargan.

Mr Amir-Entezam was arrested in December, 1979, after student militants, who had taken over the American embassy a month earlier, appeared on television with documents against him. They had been found in the embassy.

The charges against him, revealed today, involved plotting with the United States to push the revolution towards "compromise", opposing the religious basis of the revolution, conspiring to destroy "revolutionary institutions" and attempting to dissolve the special elected assembly that drew up the country's Islamic constitution.

Today's announcement said the charges were *prima facie* evidence of "waging war against Islam and the Holy Koran" and "opposition to (Ayatollah Khomeini) and the nation."

Mr Amir-Entezam is a member of the Iran Liberation Movement, which formed the core of the Bazargan government but which was much discredited by the taking of the American hostages.

Reagan plea for Ottawa support on El Salvador

Ottawa, March 11.—President Reagan today called for Canadian support for his controversial decision to send American arms aid to the government of El Salvador and for the overall effort to meet "imported terrorism" in Latin America.

Mr Reagan said Canada stood with the United States against "Soviet adventurism across the Earth" and it was time for a united stand to protect the whole Western hemisphere.

He did not mention El Salvador by name in an address prepared for a joint session of the Canadian Parliament but officials said he had the Central American country in mind when he spoke about imported terrorism.

The President spoke near the end of a 27-hour visit during which he and Mr Pierre Trudeau, the Canadian Prime Minister, discussed world issues, and the problems in United States-Canadian relations against a background of anti-American demonstrations.

Several hundred demonstrators heckled Mr Reagan yesterday, protesting against American aid to El Salvador and "acid rain"—polluted air drifting from the United States.

The President ordered an increase in American arms shipments and the dispatch of military training teams to El Salvador because of what he called the flow of weapons from Cuba to left-wing guerrillas trying to topple the government of President José Napoleón Duarte.



Mrs Nancy Reagan with children from an Ottawa school for the mentally handicapped.

Mr Trudeau said last week that the President's decision to send more arms aid to El Salvador was unwise. Today, Mr Reagan said Canada and the United States had always worked together to build a world with peace and stability.

Now, with our other friends, we must embark with great spirit and commitment on the path towards unity and strength," he said.

"On this side of the Atlantic,

we must stand together for the integrity of our hemisphere—for the inviolability of its nations, for its defence against imported terrorism, and for the rights of all our citizens to be free from provocations triggered from outside our sphere for malevolent purposes."

Mr Reagan also said: "Across the oceans, we stand together against the unacceptable Soviet invasion into Afghanistan and against continued Soviet adventurism

across the Earth. And towards the oppressed and dispirited people of all nations, we stand together as friends ready to extend a helping hand."

American and Canadian officials said Mr Reagan, the first President to visit Canada since Mr Nixon in 1972, and Mr Trudeau got on well during six hours of talks. "Both the President and the Prime Minister are very upbeat," a senior United States official said.—Reuter.

Britain and Guatemala agree over Belize

By Our Diplomatic Staff

Britain and Guatemala yesterday agreed on a formula for the resolution of their 32-year-old territorial dispute over Belize. The agreement came after five days of talks in London and, it is hoped, will lead to a constitutional conference on Belize and an official treaty between the two countries by the end of the year.

The talks ended with a formal meeting yesterday morning at which Mr Nicholas Ridley, Minister of State at the Foreign and Commonwealth Office, joined Señor Rafael Castillo Valdez, the Guatemalan Foreign Minister, and Mr George Price, the Premier of Belize, in signing a "heads of agreement", or outline of principles on which a final treaty would be based. Details of the document are to be made public on Monday.

The agreement was an important achievement and the fruit of "a great deal of imagination and flexibility" on both sides, Lord Carrington, the Foreign Secretary, said yesterday in announcing it to the House of Commons Select Committee on Foreign Affairs. He was confident that the basis had been formed for an honourable settlement and for independence by the end of the year.

During the three decades that Guatemala has pursued territorial claims to Belize, Britain has offered economic incentives for Guatemala to forego those claims.

Iraq expects new Iranian offensive in the spring

By Richard Owen

Iraq is expecting Iran to launch a spring offensive after the failure of the Islamic peace mission, but is "not unhappy" at the prospect, according to Dr Saadoun Hammadi, the Iraqi Foreign Minister.

Dr Hammadi, who has just ended a two-day visit to London, told *The Times* that Iraq regarded the peace proposals put forward by the Islamic Conference intermediaries last week as "still valid", but did not expect Iran to accept them. He dismissed reports from Tehran that Iran was having second thoughts, saying that "contradictory reactions" were normal in Iran.

Iraq believed that an Iranian attack was "possible", but was ready to launch one of its own. Defeat on the battlefield was probably "the only way to convince Iran" that it should resolve the dispute by peaceful means. One of the most likely targets was Abadan, on the disputed Shatt al-Arab waterway.

Dr Hammadi, who held talks with Mrs Margaret Thatcher, and Lord Carrington, the Foreign Secretary, confirmed

that Iraq had been building up its arms supplies, but declined to say from what sources. "We buy what we need from whoever is willing to provide it, with the sole exception of Israel," he said. He warned Britain and the United States "or the big powers generally", not to resume arms supplies to Iran. Any such move would lead Iraq to "reconsider" its relations with the Western powers.

On bilateral relations, Dr Hammadi told a press conference that Britain and Iraq were close to signing an agreement on economic and technical cooperation. Trade between the two countries rose by 60 per cent last year, and trade contracts worth £175m were signed in the first two months of this year.

He was critical, however, of Britain's support for a EEC initiative on the Middle East, because it balanced the involvement of the Palestinian Liberation Organization in peace talks with the recognition of Israel. Iraq did not intend to "destroy Israel", but could not recognize it in any circumstances.

Strasbourg heading for staff clash

From David Wood
Strasbourg, March 11

Heads of departments at the European Parliament were today ordered to ask their staff to work during a special plenary session here between March 23 and 26. This marks the beginning of a more embittered phase in the parliamentary staffs fight to keep some plenary sessions in Luxembourg, their home base.

The staff voted by a heavy majority to refuse to attend the special session called to discuss the 1981 farm price proposals, although they will work normally in Luxembourg and therefore not forfeit pay. Without consulting the staff, the Parliament's managerial bureau today flatly refused to be dictated to about where plenary sessions should be held. The "requirement" to attend in Strasbourg means that away-at-home staff in Luxembourg will lose their pay for the four sitting days.

Both MEP and the staff union know that the deciding factor in the conflict will be if the interpreters refuse to travel to Strasbourg as the staff union promises. In such a case, instead of a critical debate on farm prices there would be a chaotic four days of babel and points of order.

Until recently five of 13 sessions each year were held in Luxembourg. MEPs now want to concentrate them in Strasbourg where facilities are considered to be better.

Pinochet rule legitimized

From Florencia Vargas
Santiago, March 11

General Augusto Pinochet was today sworn in for an eight-year term as Chile's constitutional president, and put into effect a new constitution approved by plebiscite in September.

In a speech before the ceremony General Pinochet, who assumed power after overthrowing President Salvador Allende in September, 1973, defended his anti-communist position and said the Chile would resolve its international problems without altering its principles.

The plebiscite, in which the Government won 67 per cent, gave the administration an aspect it did not previously enjoy, a constitutional presidency. General Pinochet will rule Chile for at least eight more years, with an option for another eight-year rule. He will move today to Moneda, the presidential palace and the traditional seat of Chilean governments, which was bombed during the coup.

General Pinochet told the 3,500 guests at the swearing in that the international community should be aware that the strident aggressiveness of some products of Marxists, "does not scare us."

He took his oath before Señor Angel Borrich, president of the Supreme Court, with an image of Christ to his right and the text of the new constitution to his left.

Nevertheless, with the memory of Tracy still lingering, Darwin's residents have become agitated.

One government official said today: "People are going berserk trying to get hold of things, petrol, torches, candles. You could call it panic."

Hundreds flee Darwin as cyclone approaches city

From Douglas Airon
Melbourne, March 11

Hundreds of people are fleeing Darwin, on Australia's north coast, as cyclone Max heads towards the city. Heavy rain began to fall soon after 2 pm, followed by wind gusts that strengthened as the cyclone approached. By the evening, the cyclone had not yet reached Darwin, but the city was gripped by fear, with many people fleeing down the Stuart highway for the outposts of Adelaide River and Katherine.

Emergency services and the armed forces are on full alert and the police have set up check points to help casualties in case of disaster. There was a run on shops to buy masking tape for windows, lanterns and food. Public servants were sent

home from work and schools closed at 11 am.

Cyclone Tracy devastated Darwin on Christmas Day 1974, killing at least 50 people and the city has never recovered.

But so far, cyclone Max does not look as serious as Tracy. The Northern Territory information service said today that cyclone Max was about 100 miles east-north-east of Darwin moving towards the city at 10 miles an hour. It is believed that the winds are about 80 miles an hour which is about half the strength of Tracy.

Nevertheless, with the memory of Tracy still lingering, Darwin's residents have become agitated.

One government official said today: "People are going berserk trying to get hold of things, petrol, torches, candles. You could call it panic."

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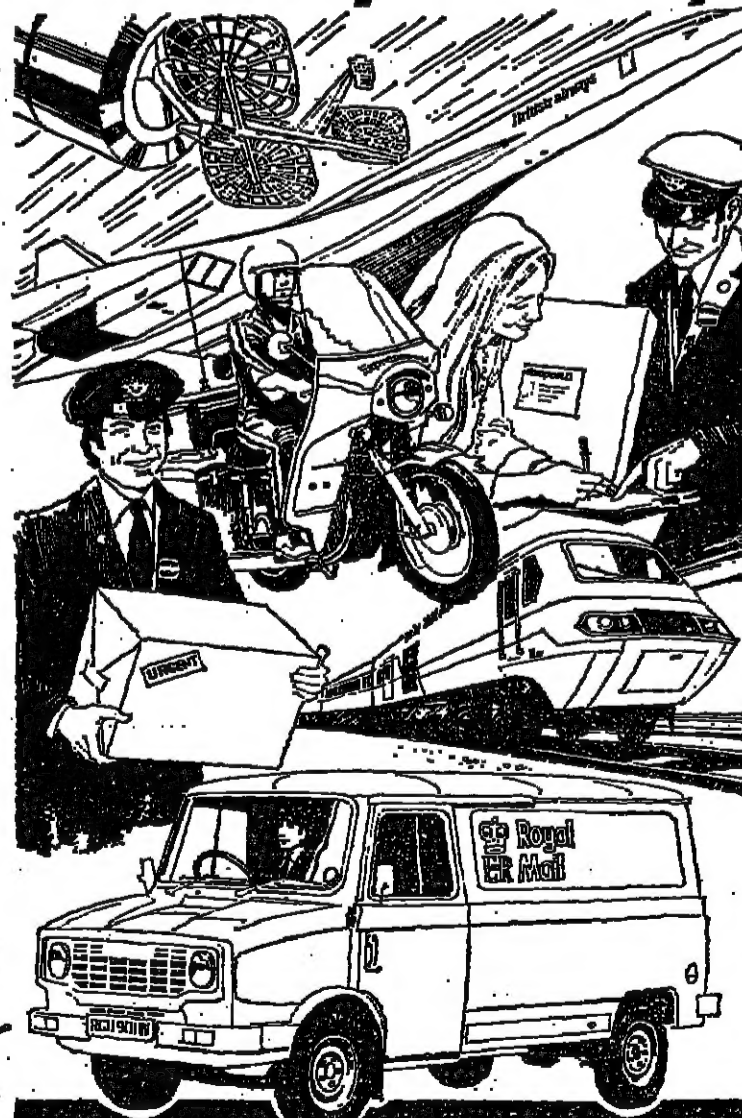
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OVERSEAS

Mr Mintoff rebukes magistrate and 'Times' is banned

From Our Correspondent

Valletta, March 11
Mr Dom Mintoff, Prime Minister of Malta, has strongly criticized a magistrate and warned him of possible dismissal over his handling of a case two days ago involving Dr Guido de Marco, deputy leader of the opposition Nationalist Party.

Dr de Marco faced a charge of making false public accusations against Mr Mintoff and leading police officers, and the magistrate, Dr Anton Depasquale, dismissed a police application for the case to proceed with urgency.

Distribution of *The Times* has been stopped from today by order of the Government. Normally 130 copies are distributed daily.

The case against Dr de Marco arises out of a speech he made in which he referred to the arrest of four journalists said to have spread false information in connection with the charging of a bomb at a group of industrialists.

Dr de Marco is alleged to have falsely accused the Prime Minister, the Commissioner of Police and two police inspectors of improper acts in the administration of government.

In the House of Representatives last night, Mr Mintoff said that if Dr Depasquale conducted proceedings again as he had done in the de Marco case "we will bring in a resolution and he will have to go".

Dr Joseph Brincat, Minister of Justice, said that Dr Depasquale had made two mistakes. The first was in allowing the

hearing to take place immediately after a demonstration in favour of Dr de Marco had been made in a corridor leading to the court, and the second was in allowing about 20 lawyers to remain standing in court when they had nothing to do with the case.

No sensible person could believe that in such an atmosphere minds could remain calm and a judgment of utmost impartiality pronounced, Dr Brincat said.

In addition, Dr Depasquale, dismissed a police application for the case to proceed with urgency before Dr de Marco had been informed of the application. This criticism was without justification, Dr Brincat said.

The news was released as the matter was of unusual public interest. The accused was a Member of Parliament and deputy leader of an opposition party.

Later, the Government Director of Information told this correspondent that *The Times* would continue to be banned so long as it continued to present an unbalanced picture of Malta.

He referred particularly to the coverage in the edition of March 3 of a Nationalist Party meeting held on March 1 when no coverage was given to a speech by the Prime Minister. Labour Party held the previous day.

Second, *The Times* had failed to carry "for lack of space" a letter of his seeking to correct the imbalance.

Strike plans prepared in another Polish city

Warsaw, March 11.—Tensions in the industrial city of Radom rose today as Solidarity trade unionists, angered by alleged harassment of union members, prepared strike plans hours after talks between the Government and the union defused a labour crisis in Lodz.

A spokesman for the Radom council of Solidarity said a strike alert has been in effect since Monday to press demands for an end to "oppression" of union members, for the dismissal of local officials responsible for alleged attacks on workers these five years ago, and for the release of political prisoners.

The spokesman, reached by telephone from Warsaw, said that factory representatives would meet tomorrow to work out arrangements for new strikes in the area unless the Government agreed to negotiate.

A member of the local leadership of Solidarity said that activists from 337 factories in the region would meet to endorse a list of 17 demands.

Among the demands are the dismissal of provincial police officers and Communist Party officials accused by the Radom Solidarity branch of "slowing

down the renewal" and of responsibility for the suppression of meat price riots in 1976.

The demands also include one for police buildings to be turned into hospitals and schools.

A spokesman said there had been no response so far from the authorities and that the demands had been sent to the Government.

The local branch had not spoken with Mr Lech Walesa, the national leader of Solidarity, who apparently yesterday discussed the situation with General Wojciech Jaruzelski, the Prime Minister.

The Warsaw newspaper *Zycie Warszawy* reported today that Mr Walesa had told the Radom branch that he supported their strike alert but cautioned against actually calling a strike until negotiations with the Government were held.

Warsaw Pact manoeuvres: The Warsaw Pact nations have not given formal notification to the Western governments under the terms of the 1975 Helsinki agreement, of the big military manoeuvres scheduled to take place in Poland and other parts of Eastern Europe this month.

A spokesman for the United States said that the European security review conference said in Madrid today (Harry Debelius writes from Madrid).

Mr Peres rules out dismantling Jewish West Bank settlements

From Christopher Walker

Jerusalem, March 11

Mr Shimon Peres, leader of Israel's opposition Labour Party, said this week that any future government of which he was Prime Minister, would not agree to dismantling any of the Jewish settlements in the occupied West Bank or the Gaza Strip, even those recently constructed in areas of dense Arab population.

With less than four months to go before the general election, Mr Peres said in an interview with *The Times*: "All the existing settlements will remain where they are. Just as there are Arab settlements under non-Arab administrations, so there may be Jewish settlements under a non-Jewish administration".

Mr Peres, whose party remains favourite to head the next government, made clear that Labour's declared policy of keeping settlements was not a heavily populated by Palestinians would only apply to those established after June, not to the 35 which will be in place then.

Justifying the controversial decision not to pull out any of the settlements established by the ultra nationalist Gush Emunim group, Mr Peres said forcefully: "Just because a person is an Israeli or a Jew, I do not see why he should lose the right to settle in any particular place".

The Labour pledge not to contemplate dismantling existing settlements is thought to reflect fears among the party leadership that this could lead to internal violence on a level never seen in Israel.

Whatever the reasoning, the party's stand is certain to further reduce the chances of a Labour government achieving its aim of negotiating a territorial compromise with Jordan over the West Bank. It is also likely to hinder its intention of reaching agreement with Egypt and America on the question of Palestinian autonomy.

During the interview, Mr Peres said that a Labour administration would continue the much criticized policy of providing Israeli financial and military support for the south Lebanese militias led by Major Saad Haddad.

He also explained that it would insist on maintaining an Israeli presence on the Golan Heights, retaining sovereignty over all of Jerusalem and of refusing any negotiations over the occupied Jordan Valley and the strategic area near Hebron known as the Itzvon Bloc.

The tone of the interview confirmed recent assessments by Western diplomats that the new Israeli government would not necessarily be as flexible as politicians in Europe and America appear to have assumed.

Mr Peres may also have been put on the defensive by the activities of the ruling right-wing coalition, which has made clear that it intends to try and turn alleged Labour "softness" over the West Bank into the central election issue.

Asked how Labour would counter such claims on the hustings, Mr Peres replied: "The answer will be very simple: The way Mr Begin's Government negotiated over Sinai at Camp David was never defined in its platform



Squatters riot: Paint-splattered police in West Berlin after they evicted squatters from two derelict houses in the Kreuzberg district. Later yesterday, demonstrators protesting at the eviction went on the rampage, barricading streets and smashing bank and shop windows. Fire bombs damaged a savings bank and destroyed a lorry.

PLO opens an office in Dublin

From Christopher Thomas

Dublin, March 11

The Palestine Liberation Organization, which is believed to have trained with IRA terrorists in the Middle East, is to open an office in Dublin. The two organizations are believed to have retained their links.

The Israeli Embassy in London confirmed that it had made representations to the Irish Foreign Ministry. "Contacts with the PLO, whether in Beirut, Dublin or elsewhere, are not conducive to peace-making in the Middle East, but rather, very damaging to it and are therefore deeply regretted," a spokesman said.

Mr Nabil Ramawi, the director of the PLO office in London, met a cross-section of MPs in the Dail yesterday to explain his aims.

The Foreign Ministry in Dublin said it had no role in the matter because it would be a private office of a private organization. Diplomatic or official status would not be granted.

[The PLO has offices in most European capitals, according to a spokesman in London.] Contacts opposed: The Israeli Embassy in London yesterday issued a strong statement denouncing the reported social contacts between British diplomats in Beirut and members of the PLO.

The statement described such occasions, reported by Robert Fisk in yesterday's issue, as "consorting with assassins".

This is the second of a five-part series by Karen Thapar, part one of which appeared yesterday.

The persisting threat to Nigerian unity is the seemingly ineradicable tribalism that underlies every political, social and often economic development. With more than 200 tribes and at least 250 different languages, the country remains the single most important priority of the new civilian Government.

The issue has been raked up by a controversy over remarks by Malam Adamu Ciroma, the Minister of Industries, in a public speech, the Minister, a northern Hausa Muslim, accused the opposition Governor of Borno state of betraying the people's trust by employing public servants in sensitive judicial and Cabinet posts. Referring to the Borno state Chief

Traffic problems of Paris drive police to protest

From Charles Hargrove

Paris, March 11

Angry French police are staging various forms of protest at having to spend so much of their time trying to cope with the apparently insoluble traffic problems of Paris.

"Every day we hear people tell us: 'I cannot leave my car parked for five minutes without getting a parking ticket. But I am not sure what I get home, that I will not find my front door has been broken open, and my flat ransacked by thieves', M Bernard de la Place, the secretary-general of the Syndicat General de la Police, told a press conference.

"Parking fines are too numerous and too expensive. We must go back ten years to the system of warning tickets. There is a trend of the police towards repression rather than prevention."

No Paris motorist would gain anything. But there is no obvious way through the problem. Each day 800,000 cars are parked in the capital and there are only 600,000 authorized parking places leaving 200,000 parked in defiance of the law.

M Jacques Laurent, director of traffic at the Paris prefecture, says the breakdown is: 325,000 private car parks; 45,000 parking meters and 230,000 free parking places.

Parking fines are steadily increasing in number, in spite of the penalty having been increased a few months ago from 50 francs (£4.50) for parking beyond the time limit to 600 francs for parking in a bus lane.

About 1,000 "periwinkles", as the blue uniformed women traffic wardens are called, and ordinary police issued 5.7 million tickets last year, almost exclusively for parking offences.

It is not a profitable business — the maintenance of parking fines brought in a mere 80m francs last year, barely covering the cost of wages, expenses, and uniforms.

This is because only a tenth of the offenders pay on the spot. Tomorrow, traffic wardens and police will distribute parking tickets, which look like the regular green ones, but will carry on the reverse side an appeal to motorists to understand the problems of the police and to "demonstrate all together to live and work better in Paris".

Yesterday, about a third of the "periwinkles" went on strike to demand better pay and conditions and retirement at 50 or 55 instead of 65, according to the union.

The regular uniformed police demonstrate on Friday when they carry out their duties with the Eiffel Tower and more in columns on the Ministry of Finance, if they ever get there.

Justice, the Chief Secretary and Attorney-General, the Minister called them "strangers" and "foreigners". The point is that they are western Yorubas.

The incident grew out of all proportion. For the Yoruba-based Unity Party, it was conclusive proof for its favourite allegation of a self-perpetuating corrupt system controlling the country to the exclusion of all other tribal groups. The Unity Party leader, Chief Obafemi Awolowo, has publicly and repeatedly accused the last military head of state, General Olusegun Obasanjo, of carefully contriving to hand over power to the largely northern based National Party. In December, he called on the Chief Justice to resign on the grounds of conspiracy and political bias when the latter dismissed the Awolowo's suit against the presidential election verdict.

Although both General Obasanjo and Chief Justice Fatayi Williams are Yoruba, they are created by the Unity Party as traitors and "time-servers" of the northern elite.

For Malam Ciroma's own

South Africa opposition want rugby tour ban

From Nicholas Ashford

Johannesburg, March 11

Rugby has again become an important issue in the white South African election after a call by the opposition Progressive Federal Party (PFP) to cancel a proposed Springbok tour of New Zealand.

The call was made by Mr Dave Dalling, the party's spokesman on sport, who was responding to a statement made at the beginning of this week by Mr Robert Muldoon, the New Zealand Prime Minister, that he did not want the Springbok team to tour his country.

Mr Dalling said South African rugby players should not go anywhere they were unwelcome and be subjected to the indignity of having to face demonstrations. "The message from New Zealand is loud and clear", he said. "We would be an embarrassment to them."

Such sentiments uttered during an election campaign are bound to provoke a response; and the ruling National Party, which is struggling to project itself as the true protector of white South African values, has been quick to respond.

Cries of "disgraceful" and "political bigotry" have been showered down on Mr Dalling's head. One Nationalist MP accused him of "playing into the hands of forces which aimed at isolating South African sport".

Although white South African leaders like to deny that South Africans are as much about sport as the rest of the world imagines them to be, the way that sporting issues are already dominating the election campaign is an indication of how anxious South Africans are to cut through the tightening noose of the international sports boycott.

Meanwhile, Dr Frederik van Zyl Slabbert, the PFP leader, launched his party's campaign in the Transvaal with a warning to white voters not to succumb to "siege politics" or attempts by right-wingers to raise the spectre of the "black peril" taking over the country.

He said it was necessary to find political and constitutional alternatives which could accommodate all of South Africa's 25 million inhabitants. The best way of achieving this was to hold a national convention of all representative leaders.

The PFP, the most liberal of the six parties contesting the election, is facing an uphill struggle against the present right-wing swing among white voters. However, Dr Slabbert said he believed his party could increase its parliamentary representation from 20 to about 24.

World View by Arrigo Levi

The global apostle of democracy

Once again, in the Philippines, a pastoral mission by Pope John Paul II has acquired a powerful political meaning. Everywhere, the Pope "preaches the gospel"; but he always applies his religious principles to the political conditions of the countries he visits, which he judges accordingly without fear, though with wisdom. This has happened everywhere, from Poland to Ireland, from Brazil to the Philippines.

The Pope's political doctrine is founded on the Christian ideal of the equality of all men before God. As God's children all men, everywhere and at all times, have the same natural rights. The Pope firmly rejects violence as an instrument for the achievement of justice, but demands that those who suffer injustice be granted those political rights which are necessary for the achievement of their just aims.

The essential political rights ought to include, wherever the rulers may be—right-wing generals or communist generals—the formation of free trade unions. In judging between man and state, the Pope rejects those "security" doctrines which claim a priority over human rights. All social organizations must be in the service of man, not the other way around.

But it is not only in one word the Pope's political doctrine, which he preaches to the whole world, the word used could only be—democracy. Knowingly or unknowingly, the Pope doctrine is the doctrine of men. If a Polish pope, who has spent most of his life under communism, has become the greatest apostle of democracy in our time, this only proves that the church has gone back to its deepest Christian origins and principles.

The Pope's message cannot satisfy the impatience of those Christians who have come to believe that a little violence here and there can speed the coming of a new order and a new world.

The Pope believes instead that there is no undemocratic system—be it a fascist, military or communist dictatorship—that cannot be changed by peaceful political action into a burgeoning democracy. In his global apostolate, which he has chosen as his papal mission, he acts as midwife of the world's democratic future.

It is an irony of history that nowhere is the rebirth of democracy under so great a threat as in the Pope's native country, where the bearers of his message face the most absolute of all totalitarian states. But, what ever happens in Poland, the Pope's revolutionary, democratic mission will not come to an end.

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Democratic gospel of the Pope

In many places the Pope's democratic message is seen as having a revolutionary and subversive impact. Our age has known other apostles, from Gandhi to Guevara, but no other message, including that of communism, has such a universal appeal as the Pope's democratic gospel.

Democracy, rather than communism, is the ghost haunting today's world. But democracies flourish and perish, they crumble and are reborn in mysterious ways. As a political system based on controlled, regulated conflicts, democracy is usually in a crisis—and some crises can be fatal.

Democracies meet increasing difficulties in ensuring that the governability of nations while democracy appeals to all peoples submitted to a totalitarian rule in their thirst for

freedom, the regulation of social conflicts, which surface as soon as democracy prevails, usually proves to be rather difficult.

This applies even to old democracies, based upon social contracts which have overcome many historical tests. The explosion of social rights and demands, which is typical of contemporary democracy, overloads the state and nullifies its efforts to satisfy too many clients. This leads to frustration, anger, and anarchic conflicts, which are not easily contained within democratic limits.

Risk of renewed totalitarian rule

Younger democracies—Spain is the most recent example, and Italy is another one—suffer these strains in a dramatic way and risk falling apart, leaving the road open to renewed totalitarian rule.

In spite of these difficulties, the appeal of democracy upon the minds of men is stronger today than it has ever been. I do not mean to be disrespectful if I offer as one proof the fact that even the Roman Catholic church has become a convert to democracy, which was certainly not the Church's chosen political doctrine for the best part of its history.

But it has proved easy for Pope John Paul II and his immediate predecessors to embrace democracy as their creed, because democracy is largely rooted in the Judeo-Christian Pope doctrine of the brotherhood of men. If a Polish pope, who has spent most of his life under communism, has become the greatest apostle of democracy in our time, this only proves that the church has gone back to its deepest Christian origins and principles.

The Pope's message cannot satisfy the impatience of those Christians who have come to believe that a little violence here and there can speed the coming of a new order and a new world.

The Pope believes instead that there is no undemocratic system—be it a fascist, military or communist dictatorship—that cannot be changed by peaceful political action into a burgeoning democracy. In his global apostolate, which he has chosen as his papal mission, he acts as midwife of the world's democratic future.

It is an irony of history that nowhere is the rebirth of democracy under so great a threat as in the Pope's native country, where the bearers of his message face the most absolute of all totalitarian states. But, what ever happens in Poland, the Pope's revolutionary, democratic mission will not come to an end.

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Democratic gospel of the Pope

In many places the Pope's democratic message is seen as having a revolutionary and subversive impact. Our age has known other apostles, from Gandhi to Guevara, but no other message, including that of communism, has such a universal appeal as the Pope's democratic gospel.

Democracy, rather than communism, is the ghost haunting today's world. But democracies flourish and perish, they crumble and are reborn in mysterious ways. As a political system based on controlled, regulated conflicts, democracy is usually in a crisis—and some crises can be fatal.

Democracies meet increasing difficulties in ensuring that the governability of nations while democracy appeals to all peoples submitted to a totalitarian rule in their thirst for

Clash over Cabinet post revives allegation that 'northern cabal' controls country

Tribalism prevents creation of one nation in Nigeria

This is the second of a five-part series by Karen Thapar, part one of which appeared yesterday.

The persisting threat to Nigerian unity is the seemingly ineradicable tribalism that underlies every political, social and often economic development. With more than 200 tribes and at least 250 different languages, the country remains the single most important priority of the new civilian Government.

The issue has been raked up by a controversy over remarks by Malam Adamu Ciroma, the Minister of Industries, in a public speech, the Minister, a northern Hausa Muslim, accused the opposition Governor of Borno state of betraying the people's trust by employing public servants in sensitive judicial and Cabinet posts. Referring to the Borno state Chief

Justice, the Chief Secretary and Attorney-General, the Minister called them "strangers" and "foreigners". The point is that they are western Yorubas.

The incident grew out of all proportion. For the Yoruba-based Unity Party, it was conclusive proof for its favourite allegation of a self-perpetuating corrupt system controlling the country to the exclusion of all other tribal groups. The Unity Party leader, Chief Obafemi Awolowo, has publicly and repeatedly accused the last military head of state, General Olusegun Obasanjo, of carefully contriving to hand over power to the largely northern based National Party. In December, he called on the Chief Justice to resign on the grounds of conspiracy and political bias when the latter dismissed the Awolowo's suit against the presidential election verdict.

Although both General Obasanjo and Chief Justice Fatayi Williams are Yoruba, they are created by the Unity Party as traitors and "time-servers" of the northern elite.

For Malam Ciroma's own



The three main tribal areas.

National Party, the provocation of a Unity Party attack was sufficient for a strong rally in its defence. He defiantly repeated his earlier criticisms, in turn accusing the Unity Party of tribal bias for supporting only Yorubas. And while the opposition called on President Shagari to dismiss Malam Ciroma, the press hinted at the possibility of another civil war.

The problem is that a Nigerian identity does not as yet fully exist. A Nigerian is first a Hausa, or an Ibo, or a

Yoruba, and when the chips are down it is only tribal and ethnic loyalties that have stood the test. In a very important sense, the 1979 electoral results, when after 13 years of military rule, four coups and three years of civil war, a return to civilian rule was being attempted, showed that the political system still corresponds closely with tribal affiliation and loyalty.

The three main parties, each of which won at least three of the 19 states, did best in their tribal strongholds. The Unity Party swept the five states of Yorubaland. The Ibo-based Nigerian Peoples Party was almost unopposed in Imo and Anambra states.

Even the ruling National Party, whose presidential candidate won because he carried two states in the deep south-east, got 80 per cent of its winning vote from the north. The fact that a northerner and a largely northern party were elected to power has ensured that since the election the so-called democratic opposition runs close to tribal lines of conflict.

Next: Civil war's legacy

Although as a consequence of the last civil war the new federal Constitution contains an unequivocal clause demanding the "reflection of the federal character in all spheres of government activity", this policy, designed to ensure equal representation to all tribes and groups in government offices and state companies, is itself a victim of its own implications.

For, when this means the replacement of Yorubas in Lagos offices by Hausas, hitherto considered backward and frequently relegated, it stirs new tribal fears among the Yorubas. They see their Hausa replacements as the thin end of a northern wedge; as the beginning of political pay-offs for men around the northern President.

The irony is that whilst the strict impartiality of military dictatorship held the country united in its grip, the democratic tolerance and leniency of civilian rule has ensured the fabric of nationhood because it allows the disparate strands to come slowly apart.

Next: Civil war's legacy

TB and malaria rife among Afghans in Pakistan

From Alan McGregor

Cairo, March 11

Tuberculosis is threatening the 1,700,000 Afghan refugees living in tents in Pakistan's Baluchistan and North-West Frontier provinces, being prevalent among the 500,000 or so who crossed the frontier during the severe winter.

Mr Roman Kabaut, in charge of the United Nations refugee programme in Pakistan, said today that malaria was also 10 to 15 times more prevalent among the refugees than in the local population.

He said most of the refugees were having to continue living in tents supplied by the United Nations.

Nations—100,000 of them last year—because of the local population's objections to their building themselves mud houses, indicating a more permanent residence.

He denied reports of widespread removal of tents across the frontier into Afghanistan. A count this month showed no more than 10 per cent had been moved.

The 1981 United Nations aid budget of \$31m (£23m) would have to be at least doubled, partly because of the Pakistan Government's decision to stop, as from January 1, bearing the cost of international transport of supplies to refugee areas.

EEC summit and French presidential election hold key to fisheries deadlock

From Michael Hornsby

Brussels, March 11

The breakdown early today of the latest attempt to resolve the intractable dispute over EEC fisheries policy almost certainly means that any hope of agreement must be ruled out until after the French presidential elections in April and early May.

The only chance of breaking the deadlock before then would seem to rest in the hands of the EEC heads of government who hold their spring summit meeting in Maastricht on March 23 and 24. They alone could generate the political agreement to clear the remaining obstacles out of the way.

President Giscard d'Estaing, however, is being assailed by the Gaullist presidential candidate, M. Jacques Chirac, for weakness in foreign policy and especially for "endless surrender" to British demands on the EEC budget and other matters. So he is more likely to be in a complaining than a forgiving mood.

Mr Margaret Thatcher can also expect sharp words from Herr Helmut Schmidt, the West German Chancellor, whose government is outraged by Britain's refusal to approve an EEC fisheries agreement with Canada so long as the internal Community dispute remains unresolved.

As a result, German trawlers may shut out from rich cod fishing grounds off Labrador. The Bonn Cabinet, at its weekly meeting, today announced about 25,000 transitional aid for German fishermen pending agreement on a new EEC fisheries policy.

A veiled threat yesterday by Herr Josef Ertl, the German Agricultural Minister, that this money might have to be deducted from West Germany's contribution to the financing of the British EEC budget rebates, was not confirmed today by officials in Bonn.

Nevertheless, Herr Schmidt is likely to remind Mrs Thatcher of the link that he and others thought had been established between last May's settlement of the budget issue and an early solution to the long-running fisheries dispute.

The latest failure in the fish negotiations should not, however, be allowed to obscure the distance which Britain and France, the chief protagonists, have come to share each other's point of view in a dispute which could be said to have begun the day Britain joined the EEC.

Part of the price of entry was acceptance of a fisheries policy, culled together by the original Six in advance of British membership, which enshrines the principle of free access to all EEC waters for

the fishing fleets of all member states.

The only exemption Britain secured from the principle was the right to reserve mainly for itself fishing within six miles—in particularly sensitive areas, 12 miles—of the coast. But unless renewed or replaced, this exemption will expire at the end of 1982.

This deal did not look so bad when fish were plentiful and EEC boats could still travel at will in the rich fishing grounds off Iceland and other non-Community countries; but as state after state pushed out its fishing limits to 200 miles, British fishermen became much more dependent for their livelihood on North Sea stocks.

Since about 60 per cent of the fish caught in the EEC's 200-mile "pond" is taken in the waters around Britain, the British feel they should get the main share of the total catch. They will probably settle for the share of about 36 per cent that they are now being offered.

To ensure they actually catch this share, the British insist on strict controls on the access of foreign boats to waters immediately adjacent to their coast. They say that within 12 miles, all foreign vessels should be excluded if they cannot prove an historic claim or vital economic need to fish there.

Japanese think it bad form to take holiday from work

From Peter Hazelhurst

OVERSEAS

Briton to be Nato deputy chief commander

From Frederick Bonnard
Brussels, March 11

Air Chief Marshal Sir Peter Terry has been appointed Deputy Supreme Allied Commander Europe to relieve General Sir Jack Harman, who is retiring on April 6, it was announced by Supreme Headquarters Europe (SHAPE) today.

The post became vacant suddenly due to the recent death of General Sir William Scotter, Commander-in-Chief British Army of the Rhine and Commander of Nato's Northern Army Group, who had originally been appointed.

This appointment comes at a critical moment in the General Bernard Rogers, the Supreme Allied Commander Europe, is due to submit proposals for a fundamental reorganization of his headquarters to a meeting of Nato's defence planning committee in mid-May. The plans involve considerable savings in personnel.

According to well-informed sources at SHAPE, the post of Chief of Staff, traditionally an American, may be allotted to another nation, and the West Germans, as well as the British, are known to be keen to have it.

As it is expected to be combined with a reduction of the present two deputy supreme commanders—one British and one West German—to one, the solution may well be that the post will rotate between the two nations.

All main staff appointments at SHAPE are tied to nations, with the supreme commander, an American, partly so as to ensure the credibility of the nuclear deterrent, as he combines this appointment with that of Commander-in-Chief of the United States Forces in Europe and has direct contact with the President of the United States.

Air Chief Marshal Sir Peter Terry, who is 54, joined the RAF in 1945, has commanded at El Adem, Libya, and been director of forward policy planning at the Ministry of Defence.

More recently, he has served at SHAPE in the key post of Assistant Chief of Staff, plans and policy, and later was Commander of the RAF Germany, doubling with that of Commander Second Allied Tactical Air Force.

Other appointments, page 16



Mrs Charlotte Hubbell, one of the American women freed by the hijackers in Kabul, waiting at Delhi airport for her flight. Her husband is still on board the hijacked aircraft.

Hijackers extend deadline as their relatives fly in

Damascus, March 11.—The hijackers of the Pakistan Airlines Boeing 720B with more than 100 hostages on board today extended their deadline to blow up the aircraft to 4 pm (GMT) tomorrow and a new effort was reported to be under way to free the hostages.

According to informants, sources, two of the three hijackers are brothers and their father has arrived in Damascus to try to talk them into releasing the hostages. Two other relatives of the hijackers left Pakistan today for Damascus where they will attempt to persuade the terrorists to free their captives, a Pakistani spokesman said.

Meanwhile, the Syrian Government said that it opposed any military solution because it would expose innocent lives to danger.

Hijackers identified: The Pakistan Government has not so far disclosed the identity of the hijackers although officials claim that they had been able to establish who the hijackers were (Hasan Akhtar writes from Islamabad).

The hijackers led by a Mr Alamgir, described themselves as members of Al Zulfikar group, a Pakistani terrorist organization. Unconfirmed reports here suggest, however, that the three hijackers are actually Mr Salamullah Tipu, Mr Nasir Jamil and Mr Arshad Jamil, student leaders who were supporters of the executed former Prime Minister, Zulfikar Ali Bhutto.

Two of them were also reported to have been involved in a Karachi University shooting last month resulting in the death of a right-wing student leader.

According to reports here, the extension in the deadline was agreed to by the hijackers in order to complete the modalities of the exchange of the passengers for over 50 prisoners whose release was demanded by the hijackers.

Jobs emerge as main French poll issue

From Ian Murray
Paris, March 11

Unemployment emerged clearly as the first important point of conflict in the forthcoming presidential election after 48 hours during which all the four main candidates went before the public.

The style and method in which each of the big four chose to present his campaign was a good pointer to what is to follow. President Giscard d'Estaing, the outgoing candidate, as Mr Francois Mitterrand, the Socialist leader, ironically calls him, and M Jacques Chirac, the Gaullist front runner, both went on television.

Mitterrand chose to introduce the Socialist campaign at a press conference which he chivalrously postponed by half an hour to allow M Georges Marchais, the Communist leader, time to put his case before the press over lunch in another hotel half way across Paris.

M Marchais was, in fact, almost present at his Socialist rival's gathering. One journalist asked the Communist candidate what question he would personally like to put to Mitterrand and then went off to ask it.

"How did it feel," M Marchais wanted to know, "to discover that M Giscard would actually vote Mitterrand in certain circumstances?"

The mischievous question related to a remark by the President during his television interview the night before that if the choice were between the Communist and the Socialist he would choose Mitterrand.

There was to be no such gallantry on the part of M Mitterrand. Like millions of French people, he said, he would be voting Mitterrand.

The President, M Chirac the night before, admitted that unemployment was a weak point in his seven-year term. He promised that given a second term he would make it a priority to cure unemployment and help the young.

M Mitterrand recalled that the President had said something rather similar before his election in 1974.

M Marchais went further and said that M Giscard d'Estaing's policy on jobs had been a complete success because he had actually worked to create unemployment.

The Government, M Marchais went on, had organized the dole queues in order to swell the profits of industry.

M Marchais would seem to have little chance of surviving the first ballot. If polls are to be believed, then the final round will again be a duel between M Mitterrand and President Giscard d'Estaing.

Encouraging ideas for drinkers hard-hit by the Budget

Three weeks to your own chateau

Sir Geoffrey's incentive to domestic wine-makers—12p more tax on any old bottle of ordinary from the off licence—must have set off a rush to the dustbins to retrieve the empties.

We are going to need them, for if there is one thing I know for sure about Times readers it is that they drink. Why do nearly all Times readers need glasses? Not because the small print has impaired their eyesight, or perished their thought, because they imbibe straight from the bottle. But because over 95 per cent of you enjoy a drink according to a recent survey taken for our advertisement salesmen.

So while old hands at this business of Chateau wine can board retire to the porting shed to compare their wares and musings and the perfectly frightful disorders like grey rot and vinegar fly (drosophila if you like) that afflict them, newcomers can set about learning fast a whole new alphabet that runs from acidification to cynane without which last there would be no alcoholic fermentation.

Enthusiasts, and there is no greater enthusiast than the time-serving wine or beer maker, revel not in the savings they make—beer from 8p a pint and wine from 30p a bottle—but in the high quality of their results. Some of the things the best have to say about the products of the big brewers do not bear repeating in a newspaper of record, though I did find a man in our design department who went further than most when he admitted that not a home brew could be called beer either.

"You can make brown stuff with a head on it that's fizzy, but that's not real beer," Home-made beer, it seems, is yeasty, has a nutty flavour, and is, as often as not, STRONG. "Some of it is rocket fuel," I was assured. Some of it is extremely soporific I already knew.

No one knocks home-brewed beer, an observation which cannot be made for wine. In a spirit of inquiry I rang *Decanter* magazine. When asked whether it covered home wine-making its editor Tony Lord raised a

verbal eyebrow: "No, we are not philistines."

Derek Smith at *Amateur Wine Maker and Home Brewer* reckons that five million people (the number of home brewers and wine makers in Britain according to a British Sugar Corporation and Economic Survey Unit figure) cannot be that wrong.

"You've got this snob appeal about wine," he agrees. "I have some claret at home that's only six months old. I have given this one to wine experts and they have held it up to the light, and sucked their teeth, and said, 'It's a '72 isn't it?' The fact is that a careful wine maker who has studied the art can match any commercial wine given the time and skill."

So where does the beginner start? Experts and enthusiastic amateurs are unanimous. Buy a kit, follow the instructions, and the appropriate beverage will be drinkable though not necessarily at its best, in as little as three weeks.

For further information there are books and magazines in plenty. The two million copy *First Steps in Winemaking* by C. J. Berry will be sold any day now, and the estimated 100,000 members of this country's 1,200 or so wine circles in the National Federation of Wine Clubs will be sharing their secrets with newcomers.

As Derek Smith explained: "Cleanliness is the only thing you really have to watch. There is no chance, using a kit, that you could make the wrong kind of alcohol. And spoiling a batch is the worst consequence of not keeping all the equipment spotless."

Recipes are, of course, a subject of consuming interest to everyone who has mastered the basics. Whether people want to share or guard them they can find them in the *Decanter* wine making or brewer's soon concocting personal variations. It is all a matter of taste, or should it be thirst?

Shona Crawford Poole

Rackitt first opened up the kit market in 1971 by introducing a ready-made liquid wort extract—the malt and hops mix—that simplified home beer making. Boots, already in the malt extract market—spooned by mums to their children for years—soon followed the Rackitt lead.

Before 1971 home brewers had tended to buy ingredients separately from the increasing number of home-brewing and wine-making shops. The ending of the rationing for home brewing in 1963 had helped boost the growth of such retail outlets.

The beer-making kits offer a chance of ending up with a brew more consistently drinkable than in the past. But the "wet" kits of Rackitt and Boots, with their liquid wort, have not had it all their own way, the third largest slice of the market—possibly up to 20 per cent—belonging to Viking Brews of South Shields with their Gerolic brand that mainly sells with all dry ingredients.

Although the Budget wine price increases are proportionately not as heavy as on beer there are expectations in the trade that home wine-making could also see a boost. This is despite the fact that wine-making is the more complex.

The wine-making market in kits, grape must and other items is worth up to £16m a year in sales at present, according to Boots. It is estimated that 3m people regularly have fermentation jars bubbling quietly in their airing cupboards. They are probably not all the same 3m that brew their own beer but some do start their career in home-made alcoholic drinks by beer-making—which means the expected boost to home-brewing could later add to the increase in wine-making.

How much wine is home-made is anybody's guess because ingredients can be home-grown fruits or flowers. Old-fashioned home brew market less. Who now makes nerdle beer?

Derek Harris
Commercial Editor

France accused of interfering in Bangui poll

Bangui, March 11.—The four opposition candidates in Sunday's presidential election in the Central African Republic have issued a joint communiqué accusing France of seeking to impose President David Dacko, by force if necessary.

President Giscard d'Estaing and Mr Dacko, who came to power in a French-supported coup in 1979, would have to bear full responsibility for any possible future unrest, the communiqué said.

The four Mr Abel Nguende Gombas (Oubanguiens Patriotes Front-Labour Party), Mr Henri Maledou (Republican Progress Party), Mr Ange Parassas (Movement for the Liberation of the Central African People) and Mr Francois Pehoua (Independent) called on the people of France and the Republic to be on their guard—Agence France-Presse.

Military dominate new Thai Cabinet

From Neil Kelly
Bangkok, March 11

The military have gained power in the new Thai Cabinet announced tonight at the expense of elected MPs. Sixteen posts go to military or police officers compared with 13 in the previous government.

There are 14 MPs and eight non-party technocrats in the reshuffled coalition Government which has emerged after a week of political tension.

Three of the four Deputy Prime Ministers are military men. General Prachuab Su-

tharakul, a former director-general of police, replaces Mr Boonchu Rojanastien as Deputy Prime Minister in charge of economic affairs.

Dr Thanat Khoman, a former Foreign Minister and leader of the Democrat Party, is the only civilian among the Deputy Prime Ministers.

Despite the changes no significant shift in national policies is expected, and certainly not in foreign affairs or security.

General Prem Tinsulanonda remains Prime Minister and Minister for Defence, Air Chief

Officials want pay rise for lunar holiday

From Richard Hughes
Hongkong, March 11

Invoking Chinese tradition Hongkong civil servants are requesting an extra month's pay each year to cover the additional expenses involved in celebrating the Chinese lunar New Year.

If approved, the extra cost for taxpayers would be at least \$HK\$440m (£40m) a year, subject to continual increases as salaries are rising.

Government workers are also higher paid than most of their counterparts in private business, because—unlike them—they cannot accept the conventional New Year gift cash offerings by clients and customers.

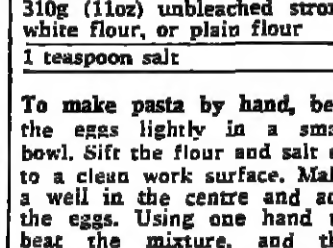
"Justification for the increase is the fact that all Chinese must spend extra money during the lunar New Year," Mr Kwok Yuen-bon, the president of the China Civil Servants' Association, said.

"We also have to pay our income tax at this time of the year."

The Hongkong Government already aids civil servants who claim to have financial problems by lending them two weeks' salary for the New Year period. This must be repaid the following month.

Mr Kwok said that approaches for the extra month's pay were made three weeks ago but that government officials had not appeared to be "very interested".

The Times Cook



Shona Crawford Poole

The reading light, battery charger, bread rack, cooking wines and bowl of assorted keys, matches, string and tattered receipts were swept from the largest flat surface in the kitchen, which is all of one and a bit feet by three. Newspaper covered the dining table and an old sheet ripped under its feet to save the carpet from further ruin. I had flour in my hair and egg on my jeans.

It was Sunday morning and we were making pasta in a flat that is several sizes too small for this kind of thing. So a pasta rolling machine was clamped to the dining table, and anyone who thought that The Times cook had a spacious test kitchen at the office with helpers and batteries of gleaming equipment will have gathered wrong now that real life is different.

My husband Jasper, who is much more deft than me at the fiddly bits like immaculate icing (he will be decorating the wedding cake coming soon), was just the man to make neat ravioli. But when my back was turned making unpeppered batches of dough-to-check that the recipe works with plain flour as well as strong flour, and mixing it by hand and in a food processor—he had been winding round triangles of filled pasta round his pickie and producing lines of dainty caprellotti. He compared his handwork in a justifiably favourable light with illustrations of little pasta bats in an Italian cookery book.

By afternoon there were baskets of tagliatelli and fettuccine laid out to dry on the chairs, and trays of ravioli, wobbly edged at first but tidier with practice, waiting to be packed in the freezer.

It was easier than expected to roll the dough thin enough by hand for noodles, but trickier to achieve the fineness ideal for stuffed pasta. I had cooked some of everything, and the noodles did not stick or break. None of the ravioli burst and the fillings tasted a great deal more interesting than anything I have bought ready made.

We opened a bottle of wine. A number of pasta recipes include water and/or oil. This one has eggs, flour and salt only, and seems to behave better for it. All this week's recipes will serve six or more as a first course, and four as a main dish.

Herb and cheese ravioli
Serves four to six
1 recipe egg pasta
110g (4oz) fresh Ricotta, or sieved cottage cheese
55g (2oz) freshly grated Parmesan cheese
2 tablespoons finely chopped

Piling into the pasta

fresh parsley or basil, or a mixture of the two
1 egg yolk
Salt, freshly ground black pepper and freshly grated nutmeg to taste

Make the pasta, but do not roll it until you are ready to assemble the ravioli. Keep the dough covered.

Combine the Ricotta or sieved cottage cheese with the Parmesan and herbs. Bind the mixture with the egg yolk and season it to taste with salt, pepper and nutmeg.

If you are rolling the dough by hand, divide it into two crappings as little as possible, and roll each piece until it is very thin.

Place quarter teaspoonfuls of the filling in a 3.5cm (1 1/2in) intervals on one sheet of the dough. Lay the second sheet of dough over the first. Using floured fingers, or a small lump of dough, press the two sheets of pasta together between the blobs of filling. Work out from the centre, trapping as little air as possible.

Use a pastry wheel to cut the pasta into neat squares—each a pillow of dough enclosing a morsel of filling. Lay the ravioli a single layer on a lightly floured tea-cloth or greaseproof paper. Allow it to dry for two hours before cooking—turning it over halfway through the drying time.

To cook the ravioli, bring at least 2 litres (4 1/2 pints) of lightly salted water (or light chicken stock) to the boil. Add the ravioli, and as soon as the liquid returns to the boil, reduce it to a simmer. Poach the ravioli for about five minutes, or until the pasta is cooked but still has a little bite. Drain it immediately.

Toss the ravioli in a little butter or cream and serve it very hot with freshly grated Parmesan cheese, served with a cream and tomato sauce, or with a sauce of your own devising.

Ham and cheese ravioli

Serves four to six
1 recipe egg pasta
170g (6oz) cooked, lean ham
45g (1 1/2oz) freshly grated Parmesan cheese
45g (1 1/2oz) freshly grated crumbly cheese, Lancashire or Cheshire
4 or 5 tablespoons of double cream or white sauce to bind the mixture
Salt, freshly ground black pepper and freshly grated nutmeg to taste

Make the pasta, but do not roll it until you are ready to assemble the ravioli.

Chop or mince the ham very finely. Add the cheeses and bind the mixture with cream or white sauce. Season it to taste with salt, pepper and nutmeg.

Combine this as for herb and cheese ravioli.

Chicken and pork ravioli
Serves four to six
1 recipe egg pasta
30g (1oz) butter
1 small onion, finely chopped
1 clove garlic, crushed
110g (4oz) chicken breast, roughly chopped
110g (4oz) fillet of pork, roughly chopped
2 tablespoons finely chopped parsley
1 teaspoon finely chopped thyme, tarragon or rosemary
2 tablespoons double cream
Salt and freshly ground black pepper to taste

Make the pasta but do not roll it until you are ready to assemble the ravioli.

Melt the butter in a frying pan and add the onion. Cook on a low heat until the onion is soft but not browned. Add the garlic, stir for a moment, then add the chicken and pork. Fry the mixture gently until both meats are well cooked, without allowing them to take too much colour.

Mince or very finely chop the mixture. Add the herbs and stir in the cream. Season the stuffing to taste with salt and pepper. Continue as for herb and cheese ravioli.

NEW YEAR ADDRESS
KIM IL SUNG

Under the banner of independence, friendship and peace, our people will march forward in 1981



This year we must make a general march for the thorough implementation of the decisions of the Sixth Party Congress under the banner of the Juche idea. "Let us make a general march to carry out the decisions of the Sixth Congress of the Workers' Party of Korea!"—this is the militant slogan our Party and people must put up today.

As this is the first year of our general march forward, it is very important to make this year's battle successful. This year we must strive valiantly with clear objectives and by correct methods in all fields of politics, economy and culture and make a good start in the historic march to carry out the decisions adopted at the Sixth Party Congress.

The main direction of socialist economic construction this year is to make adequate preparations for attaining its ten long-term objectives, while waging a vigorous struggle to fulfil the Second Seven-Year Plan ahead of time.

This year we must put production on a high normal level by launching a brisk technical innovation drive in all branches of the national economy and fully tapping all reserves and potentials, and improve the people's living standards remarkably by sharply increasing the output of consumer goods. Along with this, we must draw up the detailed plans to attain the ten long-term objectives of socialist economic construction and make preparations for their fulfilment with foresight.

(The ten long-range goals of Socialist Economic Construction in the 1980's set forth at the Sixth Congress of the Workers' Party of Korea on the Work of the Central Committee, October 10, 1980, are as follows:

- 100,000 million kwh of electricity in one year
- 120 million tons of coal in one year
- 15 million tons of steel in one year
- 1.5 million tons of nonferrous metals in one year
- 20 million tons of cement in one year
- 7 million tons of chemical fertilizers in one year

WE MUST MAKE EMERGENCY efforts to put into reality our Party's new proposal for national reunification as soon as possible and attain our cherished desire for national reunification.

This year all Koreans in the north and the south and abroad must come out as one, irrespective of the difference in ideology, social system, party affiliation and political view, and wage a vigorous nationwide struggle to establish the Democratic Confederation of Korea.

I extend active support and encouragement to all our compatriots who are now fighting vigorously in south Korea and abroad to frustrate the "two Koreas" moves of the US imperialists and their stooges and achieve the independent, peaceful reunification of the country, and wish them a brilliant success in their just struggle in the new year.

Greeting the New Year, I extend warm congratulations and New Year greetings to the peoples and friends of all countries in the world who actively support and encourage our people's revolutionary cause for socialist construction and national reunification.

Holding high the banner of independence, friendship and peace, our people will make active efforts this year to strengthen the unity of the anti-imperialist, independent forces, develop the relations of friendship and cooperation with all the progressive people of the world and safeguard world peace and security.

THE KOREAN CENTRAL NEWS AGENCY PYONG YANG

Officials want pay rise for lunar holiday

From Richard Hughes
Hongkong, March 11

Invoking Chinese tradition Hongkong civil servants are requesting an extra month's pay each year to cover the additional expenses involved in celebrating the Chinese lunar New Year.

If approved, the extra cost for taxpayers would be at least \$HK\$440m (£40m) a year, subject to continual increases as salaries are rising.

Government workers are also higher paid than most of their counterparts in private business, because—unlike them—they cannot accept the conventional New Year gift cash offerings by clients and customers.

"Justification for the increase is the fact that all Chinese must spend extra money during the lunar New Year," Mr Kwok Yuen-bon, the president of the China Civil Servants' Association, said.

"We also have to pay our income tax at this time of the year."

The Hongkong Government already aids civil servants who claim to have financial problems by lending them two weeks' salary for the New Year period. This must be repaid the following month.

Mr Kwok said that approaches for the extra month's pay were made three weeks ago but that government officials had not appeared to be "very interested".

Woman soldier on killing charge

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THE ARTS

Peter Firth makes another shot at elusive stardom

Fully eight years after he first made his name as the boy chunder of horses in Shaffer's *Equus* at the National Theatre, Peter Firth makes a second bid for stardom playing the conflict-ridden husband of Tess in Roman Polanski's screen version of the Hardy novel opening in London on April 9.

This is not of course the first dramatization of *Tess*: there was a silent-screen version with Blanchette Sweet and Conrad Nagel back in 1929, and after the war Wendy Hiller confirmed her stage reputation with a production at the Bristol Old Vic. But the new film is already up for no less than six Oscars (including that of Best Picture) and there are those in America who believe it will go some way towards restoring a reputation Polanski lost there a few years back with a distinctly unsavoury morals charge. Indeed the Los Angeles Police Department has made it clear that if Polanski, once less than charitably described by Ken Tynan as the five-foot Pole who wouldn't touch anybody with sets foot on American soil in pursuit of his Oscar, they will arrest him, and even if he comes to this country he is liable for extradition, which is why Mr Firth was summoned to make the picture in France.

"I think the film is Roman's attempt to prove he's really a jolly nice chap and no longer inclined to accost young girls; it's dedicated to his murdered wife Sharon Tate whose idea this apparently was, but the making of it took 15 months and if you wrote it as a gothic novel nobody would believe you."

Before we get to that, however, we had better recap briefly on what got Firth to *Tess*. Born in Bradford in 1953, the only son of a now retired publican, he left school at 15 without a single O level.

"I was in the lowest possible class, stamped as factory fodder, doomed to be a plumber or, if it was really lucky, an electrician. Schoolteachers had given up on me and I'd more or less given up on school when suddenly one of the teachers happened to mention Saturday-morning classes at the Bradford Civic. From there I began to get work in the holidays as an extra for Yorkshire Television, and when they were casting a kids' serial called *The Fluxions* Boys somebody remembered me. It meant getting three months off school, so I went along to the headmaster pre-



Firth as Angel in *Tess*... "some sort of travelling circus"

tending that I loved school and was sorry to miss it and would of course return as soon as the shooting was over and he let me go, though I knew I'd never be back.

At 17 I came to London, found myself an agent, got a bit-part in Zeffirelli's disastrous *Brother Sun Sister Moon* and then quite a lot of television jobs, one of which was seen by John Dexter, who was casting *Equus*. I was 19, did ten auditions and got the part, not having the faintest idea what the play was really about except that I seemed to talk a lot, which was good. I don't think anybody but Dexter knew what we had there, at least not until we heard the applause on the first night.

I stayed with the National company to do *Spring Awakening* and *Romeo and Juliet* but then I got the chance to play *Equus* on Broadway and took it, and somehow the National have never quite forgiven that. It's like leaving school early

all over again. Somehow you no longer belong, and when you try to rejoin they make it very difficult; the last offer I got from there a few weeks ago was to play some very minor role in *Galileo* and somehow I'd rather be out of work than go back to the beginning all over again. Which probably explains why I've been out of work since we finished *Tess* a year ago.

In New York for a while I was the flavour of the month and it was all lovely, but then I made the mistake of going back there after *Equus* had closed and suddenly I couldn't get a table at Sardi's and nobody knew who I was. I was the only time to be in New York is if you have a bit. When I no longer did, I went off to Texas to make a film called *When You Come Back Red Rider* which was either a total disaster or a tax loss made the way some Americans make films, not for cinemas but to look good in the year's accounts. I

think it was somebody's idea of a tax dodge. Anyway, while I was there the phone rang and it was Polanski saying "Come to lunch in Paris" so I went, and there were a lot of guys in dark glasses and black cashmere overcoats and nobody mentioned a film or a job for about four hours until the coffee came and Roman said "OK, *Tess* of the d'Urbervilles, your husband, start two weeks and that was how we went on for the next year."

"I rushed out and bought the paperback, then discovered I had joined some sort of travelling circus. There was Roman, me, Nastassia Kinski, who plays Tess, Leigh Lawson who's the other man in her life, all these guys in dark glasses and a lot of trailers. We'd start off up against a hedge somewhere in Brittany in the pouring rain and by about lunchtime Roman would shriek "No, wrong" and we'd miss it, which is not to say I'd ever work for Polanski

hundred miles to some other French hedge looking much the same as the first one.

"What Roman most enjoyed was playing all the parts himself, so about three seconds into every take he'd call "Cut" and then line us all up behind the camera while he leapt around playing all the parts quite appallingly. He's dreadfully totally self-obsessed, loony, very funny, unable to sustain a line of thought, let alone a character for more than ten seconds, so from hour to hour you have no real idea of who you are supposed to be playing.

"He sees life as a series of props for making films; actors are berded around like inconvenient cattle, and what he really wants is an audience. But the men in the black cashmere coats kept signing the cheques, and after about a year we had made a film; looking back I'd not have missed it, which is not to say I'd ever work for Polanski

again. Life really is too short to make two films with him."

Firth's problem now is that people think he is either in America or too grand for the kind of routine stage and television work which an English actor of 28 ought to be cutting his teeth on.

"Except for a couple of television jobs I've been out of work for a long time, and with a wife and a baby and a mortgage in Little Venice that is not a very good thing to be. I got up to a level which was far too high for too long, and it's difficult to work back up there again. The National think I should never have left, the RSC don't seem to know I exist, and apart from *Tess* the best I did in films was an Oscar nomination for *Equus* which wasn't exactly the kind of cheerful movie you'd take your girl to on a Saturday night. We made it in Canada after the Broadway run, with Burton as the psychiatrist which was a fair old contrast after Alec McCowen. There Richard was with the Rolls and the Gucci suit having to crawl around on his hands and knees and not caring for a lot. The hippies and the fur coats had somehow overtaken his acting."

The film did, however, get Firth as far as Hollywood:

"They gave me two weeks there when they thought I might be going to win the Oscar, two weeks doing 10 radio and television interviews per day, and then the actual ceremony when you sit there feeling like a prat in a dinner jacket and they announce it's going to Jason Roberts so within eight hours you're back on the plane to London feeling sheepish."

The trouble with America is that Los Angeles is no place for an adult and New York is no place for a baby, which means I'll be staying right here for a while. But the danger is that when you don't work for a long time your confidence starts to ebb; you need other people to invest confidence in you.

Meanwhile, Firth awaits the outcome of *Tess*: "Like the book it's long, thick and very beautiful. The amazing thing that has happened to it in America, where they have an average attention span of about seven seconds, is success. I'd already had one costume disaster playing the title role in Richardson's *Joseph Andrews*; I couldn't have afforded another."

Sheridan Morley

Edison/Davis

Ronnie Scott's

Richard Williams

Rhythmic impact is the quality which unites the playing of Harry "Sweets" Edison, the illustrious trumpeter who has spent many years hidden away in the Hollywood timber, and Eddie "Lockjaw" Davis, that toughest of tenor saxophonists and a sometime mainstay of the postwar Basie band.

Both of them, with the cunning of experience, enjoy doodling with an idea, apparently aimlessly, until they will suddenly hit a big note right on the nose; masters of this effect, as these are, can use it to lift the performance of an entire band to another level.

They share, too, a playful ebullience. Edison enjoys putting a phrase into a wild skid and then seeing how he can extricate himself, while Davis, who gets more sly as the years pass, will open a solo with an entire chorus of sidelong coasting before gradually increasing the pressure, defining more

clearly the profile of his phrases, and allowing a rasp to creep into his tone.

Even their modest arrangements of tunes like "What Is This Thing Called Love?" and "Bye Bye Birdie" are worded for their laconic, enigmatic quality and for the perfect blend of the horns' strong timbres.

Their current London season finds them accompanied by a British trio of perfectly appropriate temperament. Eddie Thompson, the pianist, matches the Americans with a forthright and musically humorous, and bassist, Len Skeet, and drummer, Jim Hall, provide exactly the right kind of ever driving beat at the medium tempos which Edison and Davis prefer.

Hall, a new name to the performers with particular credence and distinction, leaving an uncluttered path for the soloists and making sensible use of his four-bar exchanges. Skeet's muted trumpet are equally fine and that which closes "Birdie" on Tuesday night was a wondrous example of relaxing high tension with immaculate control, ending in a rap pianissimo.

Ancient and Modern

BBC 2

Miles Kingston

If I had no idea who Malcolm Muggeridge was and saw him now for the first time, I think I should take him for one of our great acting knights—Gielgud, Richardson, one of that lot. His snowy presence is so assured; the pauses are so well managed; the eyes are so full of humour and meaning; his features work so hard before pouring forth a sentence, like an intelligent cement mixer. And in one sense he always has been an actor, not just because he has found a role and stuck to it, but also because he has spent so much of his life doing the scripts of other people: the *Manchester Guardian*, the *Ministry of Information*, *Mit*, the *Telegraph*, *Punch*, *God*. Yet he has always been at his best when doing his one-man show, the importance of being Malcolm Muggeridge, and last night was no exception; nothing that the old film footage could offer was near as good as modern Muggeridge chatting away, apparently oblivious to the camera but of course fully conscious of it the whole time.

Some of the film was worth its place, notably part of Granada interview from 1960

with Mosley, but when Muggeridge said that most history was absolute rubbish meaning that he was misleading he could equally well have been talking about history on film. All those shots of Mosley ranting, Hitler glaring, de Gaulle parading handsomely in an army cap, a waste of time when we could have had more of him, today talking. His long stint in Low enco Marques as a spy was mentioned in passing; his brief experience in Paris in post-Liberation days were well covered.

What was it he said about Orwell? "A clever chap, who would come out sometimes with the most extraordinary propositions. You know, all those communists, fascists. And he could be so convincing, we would all say, yes, of course. Later you would think how preposterous! And yet I do not know when I read his books, dealing out tobacco to the world, I might be the perfect seedbed for fascism. . . . A clever chap Muggeridge, who always comes out with statements against everything, and hardly ever a statement for anything. And yet he always seems right at the time. You cannot help warming to a man who finishes a programme by talking about how he is condemned to walk through the vale of tears—and years with laughter at the very thought."

Twisted Cues and Elliptical Balls Arts Theatre

Iring Wardle

Should the *Life of Brian* team be considering Gilbert and Sullivan as their next hysterical cult target, they had better abandon the idea. This show has done the job. Before the first word of Tuesday's performance, the audience had sprung twice to their feet for the *March*, *Antiphon*, and the end they were waving little paper flags at the barked order of "Basingstoke" and roaring the chorus of "He's an Englishman" under the direction of a John Bull-like figure in a Victorian bathing costume with a Union Jack stitched into the seat.

This is John Judd, the deviser and principal performer in a show which arrives at the Arts bursting with health and strength from its provincial conquests. Mr Judd does everything, and wears the piano and dress up as Queen Victoria, these being the task of Paul Knight, who also appears briefly as Iolanthe in a tute, before edging back to the small, ornate piano, by ramping into the next number in a gas mask.

During the evening, Mr Judd carves his way through the Savoy repertory from *Trilby* by *Jury to The Mikado*, always coming on in full costume and sporting extras such as a hulk of an animal and parrot for the King of the Pirates; thus giving his partner the time for generous solo selections from *Princess Ida* and *Ruddiger*, while he is off stage. He also roams up and down the aisles, and under vulgar Americans identified by their star-spangled toppers and sausage-impersonating the two heroes—Sullivan was penning such complaining letters on one side of the stage and Gilbert being rude to the world in general on the other.

But his main character is that of Alfred Kettle, stage doorman of the Savoy, stage getting an audience to him. If this had happened during the subjects' lifetimes, it might have paid to the partnership even sooner than Sullivan wanted. Into the carriage trade's favourite show shop, Kettle barges in, steam practically hissing out of his ears, as an orchard embodiment of British good cheer. Sullivan, he says, put all his thoughts in a diary "what a great chance to get one on in bums, bosoms, and briefs eludes his sweaty grip; and as for the pianist, he really does scintillate; ask him nicely and he will sit till nine."

Even for the disenfranchised D'Oyly Carte public, I would have thought this collision between parlour entertainment and heavy old music hall would have been fatal. But Mr Judd plainly knows what he is doing. When he chooses, he acts well (this Sullivan is a fine study of distressed talent), and he handles the numbers with ample resonance and an impressive turn of speed.

Some of the reviews on this page are reprinted from yesterday's later editions

Martin Huckerby

The Cunning Little Vixen

Paul Griffiths

Welsh National Opera return to London this week for a second miniature festival sponsored by Amoco, whose increasingly precious commodity is increasingly lubricating the wheels of opera finance. Indeed, this week's first offering, *The Cunning Little Vixen*, comes in a joint Welsh-Scottish production partly paid for by Amoco, and they may well bank in the reflected glory of so much generosity, life and beauty presented on stage and in the pit.

David Pountney, the producer, has realized that the meeting ground for the animal humans and human animals of Janáček's fable must be in play and in delicate acrobatics. The opera's anthropomorphism is simply accepted, without any embarrassment or sentimentality, and the forest and farmyard creatures are evolved with the vividness of the best children's fiction, with details of movement and costume that merge human into animal. This bright vision is enhanced by Maria Elorson's designs, which, like much modern or Japanese art, depict a magical, perfect natural world, an inviting adventure playground.

By contrast the human characters are boxed into a

small part of the stage and dressed uniformly in grey, which is perhaps an obvious metaphor for their repression, but apt in the sense of an appealingly straightforward treatment. Their visual downness does have the advantage, too, of obliging them to act wholeheartedly with their voices.

Philip Joll is a large-spirited Forester, filled with the right mixture of warmth and regret, and Nigel Douglas catches the withered Schoolmaster with his speech-song that only grudgingly relaxes into melody. There are also sharp performances from David Gwynne as the Parson and Geoffrey Moses as the Poacher.

The woodland cast is led by Helen Field as the Vixen, bright of voice and quick of movement, capturing the capriciousness that makes it possible for Janáček to show her as both fox and modern miss, for Davies, whose unaffected Italianate tenor is a splendid vehicle for lupine sensuality, and there is a nice grisly cross-ratched Badger from Julian Kayle.

It would not be so were it not also for the glorious orchestral performance under Richard Armstrong. The many strange details of scoring are all made as vibrant and natural as the colours on stage, and the contrabass never fails to become fresh, strong images of lustrous winter and spring's green bounty.

Joan O'Connor Queen Elizabeth Hall

William Mann

Dublin friends have spoken with respect and enthusiasm of Joan O'Connor as an interpreter of Beethoven's piano music. His recital on Tuesday on London's South Bank provided a welcome opportunity to hear for oneself, since his programme was devoted to that composer, and with two of the most popular and nicknamed sonatas he was vouchsafed an ample audience.

His seriousness as a Beethovenian was attested by the inclusion of the six Bagatelles, up 123, marvellous, searching, elegant poems from Beethoven's later years, seldom played in concerts, perhaps because each requires force interpretation, concentration, and the immediate rewards are not obvious.

The *Pedagogic Sonata*, at the outset of the evening, disclosed the pianist's firm attack, agile technique, and abundant spirit. He is not a flashy virtuoso, though a rich variety of keyboard colour was there to be

enjoyed whenever apt to the occasion; Beethoven's heavy chording in bass registers can easily sound thick on a modern grand piano, but never did in this recital, rather harmonious and darkly glowing. In the famous slow movement, on the other hand, he was too sparing of a cantabile tone, and the gravely beautiful melody suffered accordingly. Yet the slow Bagatelles were endearingly projected, likewise the *Minute Andante* from the op 79 sonata, which was his encore.

When a pianist places the *Waldstein Sonata* last in a programme, one may expect something special. O'Connor did not attempt Beethoven's curious but deliberate pedal effect for the theme, nor the glissando octaves, which he fingered nimbly, and he eschewed the heartfelt accents in the slow introduction, though they would have given the music exactly the emotional lift that was missing.

He suffered a near-lapse of memory at the start of the *Waldstein*, and there were others, as well as minor slips of the fingers. "We are not machines," thundered Mark Hambourg, when something similar was pointed out to him.

Royal Ballet Covent Garden

John Percival

I have news for the Royal Ballet. The cast list for Tuesday's revival of *Daphnis and Chloe* at Covent Garden described Lykianion as a young unmarried girl from the town. If they care to look in Louisa's novel on which the ballet is based, they will discover that the whole point of her presence is that she is a married woman and consequently able to complete young Daphnis's knowledge (oddly incomplete for a goat-

herd) of the anatomy of love. Actually, if they merely cast their minds back to past performances they might have got the point. Then they would have been content with Marguerite Porter's minny account of the role. If she knew what it was about, she certainly was not letting on.

Julian Hosking as Dorkon gave an equally flimsy performance. It takes more than a dark wig and a bronzed, moustachioed maquette to convey the macho forcefulness of the character, and Hosking's dancing lacked both weight and fire. Derek Rencher's Pan was another example of understating: such a tottery rescuer

he made for the kidnapped heroine.

Even Merle Park and Anthony Dowell are no longer so well suited as before to the title parts: the authorial in won during his defection in America sits oddly on Daphnis's naivety, and Park, although still the best of the Covent Garden ballerinas, is not exactly a bright young thing. All the same, the style of their dancing cannot be faulted.

Thank heaven for the vigour and dramatic flair which Stephen Jefferies brought to the part of Bryaxis, the pirate chief; but even my pleasure in that was dampened by the thought of how much more

valuable his unique sense of conviction might have been in either of the other male leads.

John Craxton's designs wear well, and the Covent Garden orchestra gave a decently creditable reading of Ravel's marvellous score under Ashley Lawrence's direction, even if not one to set the blood racing. It is strange to remember that Ashton's choreography and whole concept of the production came in for much condemnation when first given 30 years ago. Now it is recognized as one of the landmarks of the Royal Ballet's repertory, even though most of the roles are less well played than they were in 1951.

Ballet Rambert Sadler's Wells

Judith Cruickshank

The second programme in Ballet Rambert's season at Sadler's Wells has already been reviewed in these pages at its Oxford premiere, and a second viewing makes both its faults and its virtues more apparent. Christopher Bruce's *Preludes* and Song to Anthony Hymans's specially commissioned score of the same name, yearns vaguely and pleasantly enough without really getting very far.

By contrast Richard Alston's *Rainbow Ripples* seems a model of organization and structure. Alston has found some really interesting and inventive movement for his dancers, who give every appearance of enjoying what he has set for them. All the cast dance well, but a young man, whom I take to be Michael Clark, deserves special commendation as do David Bucklan's fresh and witty designs.

Two works by Antony Tudor made up the rest of the pro-



Cathrine Price, Catherine Becque and Rebecca Ham in *Rainbow Ripples*

gramme, and these alone would have made the evening worth while. The neglect of this choreographer's work in this country is a continuing scandal. *Judgment of Paris* dates from 1933 and transfers the beauty contest between the three goddesses to a seddy Berlin nightclub.

Tuesday's cast performed wittily enough, but rather on the level of a cabaret sketch and oddly, especially for a company like Rambert, chose to ignore the serious undertones—the degradation of both the women and their customer, well played by Paul Melis.

Melis also stood out among the cast of *Dark Elegies*, which Rambert brought back into its repertory shortly before the Royal Ballet staged it. Rightly or wrongly, I must admit to preferring the Rambert version, which seems both stronger and more detailed. Neither company deserves much congratulation for the standard of musical performance however.

Outstanding in Tuesday's cast was Quamy Sackey, in the fourth song; she knows what it's about and how to express it. Sally Owen was also good in the difficult first song, and of the men Melis made the best impression in the *pas de deux*.

possible by sponsorship, currently from the Hog Robinson group. The result has enabled the chorus to branch out into more adventurous repertoire and it is now planning a concert series in the new Barbican Arts Centre next year.

The subscription selling scheme developed by the American publicist Danny Newman has achieved a success: the Churchill Theatre at Bromley, which was becoming a white elephant as audiences failed to materialize, has raised its average audience from 50 per cent to 85 per cent in its first season, a bargain for its first time. For its spring and summer season it has sold nearly twice as many season tickets as the first time, suggesting that full houses could soon be the norm at Bromley rather than a rarity.

NOT TO BE MISSED: After last year's successful revival of Joe Orton's *Loot*, Kenneth Williams directs another Orton work, *Entertaining Mr Sloane*, with Barbara Windsor and Dave King in the cast. It opens next Wednesday at the Lyric, Hammersmith.

Started as appendages to the professional orchestras, amateur choruses like the London Symphony have grown in stature, adding outside engagements away from their parent orchestras. The Philharmonia Chorus, for instance, now performs all over the world (it is singing tonight in Barcelona). The London Symphony Chorus has gone a stage farther and begun to hire the LSO for its own concerts, which are made

hopes that Hal Prince, who staged the work in New York, will be able to direct it.

Sir Charles Mackerras will be returning to his home town of Sydney on a regular basis from next year as the new chief conductor of the Sydney Symphony Orchestra, in which he replaced as principal conductor the 1940s Replacing Louis Frémaux, who becomes principal conductor.

Sir Charles will be spending four months in Australia each summer for at least three years. An unusual reversal of roles has been quietly taking place in the chorus world, with the London Symphony Chorus becoming, albeit only occasionally, the paymaster of the London Symphony Orchestra.

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WITTE THEATRE
DEAD SEVEN
PRESENT LAUGHTER
THANK YOU DARING
for a wonderful evening

Mr. Sussex, who farms fifty acres in East Devon, had an unforgettable Bank Holiday Monday.

In the small hours of the morning he played host to a few unexpected guests.

Altogether about fifteen members of the Cullompton Fire Brigade attended.

When they arrived, Mr. Sussex's home was ablaze. When they left, at eight o'clock in the morning, it was in ruins and in spite of all their gallant efforts Mr. Sussex, his wife and four children were homeless.

Which was something that could

not be said about the rest of Mr. Sussex's dependants; his herd of pedigree Friesians.

They were still perfectly at home in their pastures and as much in need of Mr. Sussex's constant attentions as ever.

A fact that was not lost on the loss adjuster we put in charge of the case.

He gave up his Bank Holiday afternoon to visit the Sussex's at what was left of their farmhouse.

There and then he declared the farmhouse a write-off and agreed to pay Mr. Sussex £1,000 to take care of his immediate expenses.

But there was still the problem of where the Sussex's were going to live.

If Mr. Sussex had worked in an office it would have been no problem. We'd have put him, and his family, up at a hotel.

But, as Mr. Sussex pointed out, you can't run a farm from a hotel room. His cows expect a 6.50 a.m. call for milking and calves like fires start at all hours of the day and night.

Obviously it was vital for Mr. Sussex to live where every farmer belongs, down on the farm.

Mr. Sussex himself found the perfect solution to his, and our, problem.

It took the form of a 42ft, three bedroom mobile home. He paid £1,500 for it and we paid him back the very next day.

He parked it right next to the cowshed and lived in it quite comfortably until his house had been rebuilt.

Mr. Sussex, it seems, doesn't treat farming as a nine to five job.



ASSURANCE

Just as we, and Mr. Sussex will back us up on this, don't treat insurance as a nine to five affair.

We won't make a drama out of a crisis.

We knew the cows couldn't wait for the farmer to come home



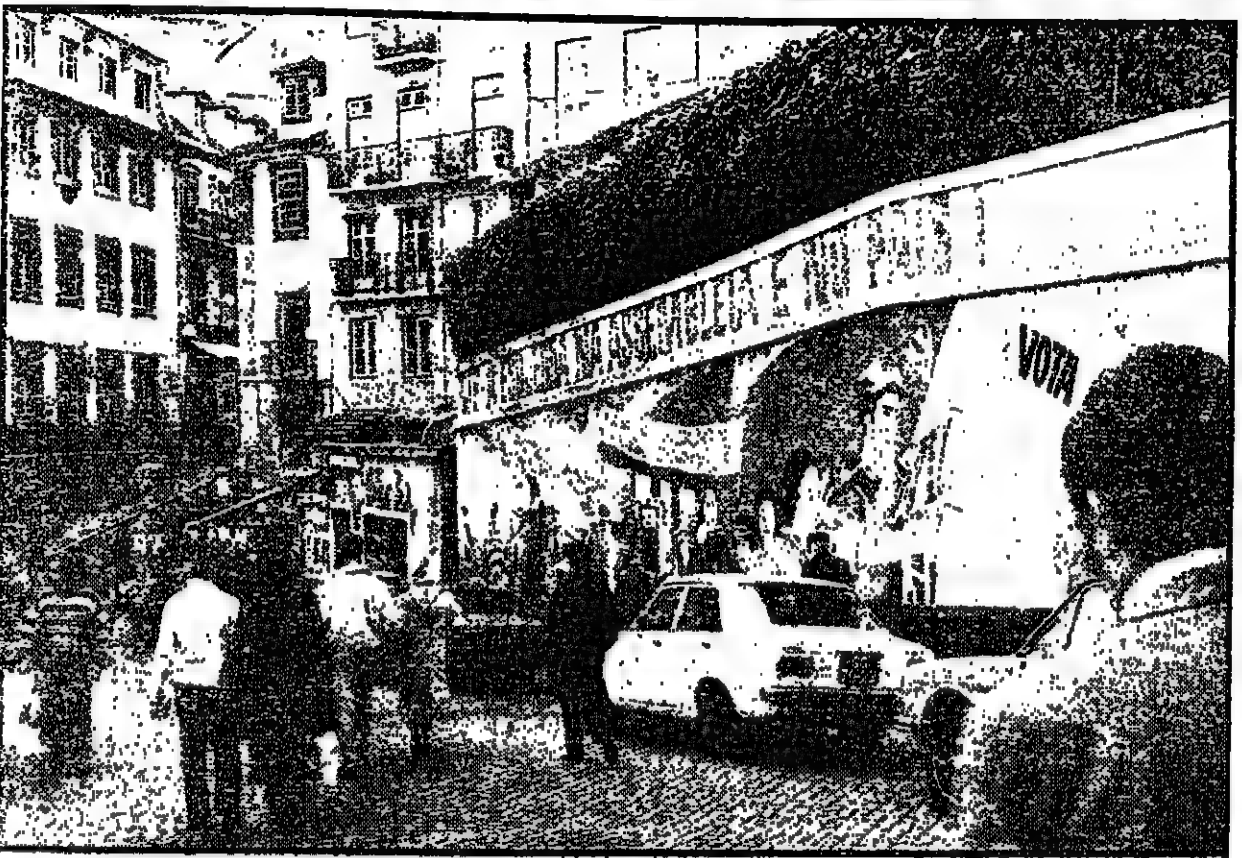
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A high-contrast, black and white photograph of a protest. On the left, a banner reads "JARROW CRUSADE". On the right, a sign reads "NO NUCLEAR WEAPONS" with a peace symbol below it. A crowd of people is visible in the background.

The sad state of the old country

Alan Hamilton

PORTUGUESE TOURISM



Wall paintings at the Rossio station, Lisbon. Top: the fruit and vegetable market, Cascais.

Photographs: Bill Warhurst.

In spite of the recession in Britain, or perhaps because of it, the number of British visitors to Portugal is likely to increase this year by 12 to 13 per cent. And that, after a 21 per cent increase on the 1979 figures, indicates that all is going well at the western end of the Iberian Peninsula.

Portuguese tourist offices throughout Europe, airlines, both national and charter, hoteliers and restaurateurs are delighted at the trend and see 1981 as a bumper year.

Whether the holidaymakers, particularly in the Algarve, where 88 per cent of visitors go, will be as delighted when they find the roads, water and electricity not up to their expectations is another matter. An indefinable Portuguese charm will disarm the protester; an imperceptible lift of the shoulders, a spread of hands, will temper the outburst. There will be lost tempers but the visitors will return—again and again.

Tourism is the highest earner of foreign currency after remittances from Portuguese workers abroad (122,000 escudos from January to October 1980—about £102.5m). The country will attract more than seven million visitors, over 500,000 of them British and more than 30,000 from the Republic of Ireland.

The biggest difficulty is where to put them all. The total of beds is a little over 100,000 with a further 10,000 in Madeira. The building programme is proceeding at a fast rate, though not nearly fast enough to counter the grumbles about how difficult it is in Britain to book a Portuguese holiday when it is wanted.

The British alone will be taking a minimum total of two million bed nights. There are fewer beds in Portugal than in an average Spanish resort, while Spain has more than three million beds for its tourists.

The political situation, which started and deterred many visitors after the April 1974 revolution, has now stabilised. The had years from then until late 1976

in strict contrast is Alentejo, a wholly-owned Portuguese company formed in Oporto 140 years ago. Claiming to be the biggest tourism company in Portugal, it operates in reverse by bringing Portuguese to Britain as well as running inclusive holidays to Portugal in conjunction with Air Portugal.

There are few modern complexes and old hotels are excellent value. It is an old-fashioned way of holidaying, with overtones of an Edwardian era and a few latter-day bonuses, such as running water and good service. In addition there are spas where you can take the waters, although few British do so and it would seem the time to relieve the pressure on other centres by beginning a campaign to get them there to sample the waters and the duty-free whisky.

Where the north has an abundance of water, the Algarve is dying of thirst. It has not rained in the south to any measurable extent since last October and the ground is parched; the rivers are empty and the only way to get water is to buy it from the bombeiros (fire brigade) who charge for bringing it, not for the water itself. At the same time golf courses down there are deluged with 350,000 gallons a day to maintain their excellent condition, the water coming from a huge water table reached through bore holes.

To relieve the pressure in the south the Government is helping the local authorities to build three dams to generate electricity. Building will take two to three years and will make a considerable difference to the locals and the comfort of the visitor.

Tourism is thought to employ almost 150,000 people, although they do not all show in official statistics since many are employed seasonally. Even with that number, tempers become frayed while visitors wait and fume for service. Many right-wing Portuguese attribute this indifference to the number of communists at the point of sale. The allegation is difficult to substantiate; you are unlikely to get an admission of political leanings.

There is criticism throughout the country about pollution, caused by the visitors, which could become a health hazard. It will continue unless the authorities take steps to install satisfactory sewerage systems. There are plans, but finding the money is the big problem and they remain on the drawing board.

The state tourist office is aware of the difficulty and the Government is working hard to attract foreign investment by offering good returns over periods of as long as 15 to 20 years. Special conditions have been created, with up to 50 per cent return on capital in certain cases.

Meanwhile in May a group of businessmen will be visiting Lisbon for talks



on integration into the EEC. Among the various committees will be one devoted to tourism, chaired by Sir Henry Marking, the head of the British Tourist Authority.

This year is also the fiftieth anniversary of the setting up of the Portuguese tourist office in London. In the time more than six million British have visited the country, and celebrations are planned with receptions and other events which, for the moment, remain secret. It looks as though the oldest alliance in the world is set for another 50 years of reciprocal visiting.

Anthony Jones

Along the road to the south

Where treasures and good food abound

The state of Portugal is more than 800 years old, having its roots in the town of Guimaraes, heart of the country's most beautiful province, the Minho. King Afonso Henriques, born in 1106 in Guimaraes, was responsible for forging the modern state out of the old Roman province of Portucale. The king's armies spread slowly southwards and his successors finally drove the Moors out of the south of the country

a couple of hundred years later, fixing the boundaries of present-day Portugal which have remained virtually unchanged since.

Guimaraes is full of treasures and monuments, as befits the cradle of the nation, and the sights are well worth visiting. The same applies to Braga, an important strategic settlement near by, on the crossroads of five military highways in Roman times, and today acknowledged as Portugal's religious heartland. It is the seat of an important Roman Catholic bishopric.

Students of history should thus find the area full of interest and, once satisfied, the curious traveller might like to move on to the once exceptionally wealthy seaport of Viana do Castelo, close to the Spanish border.

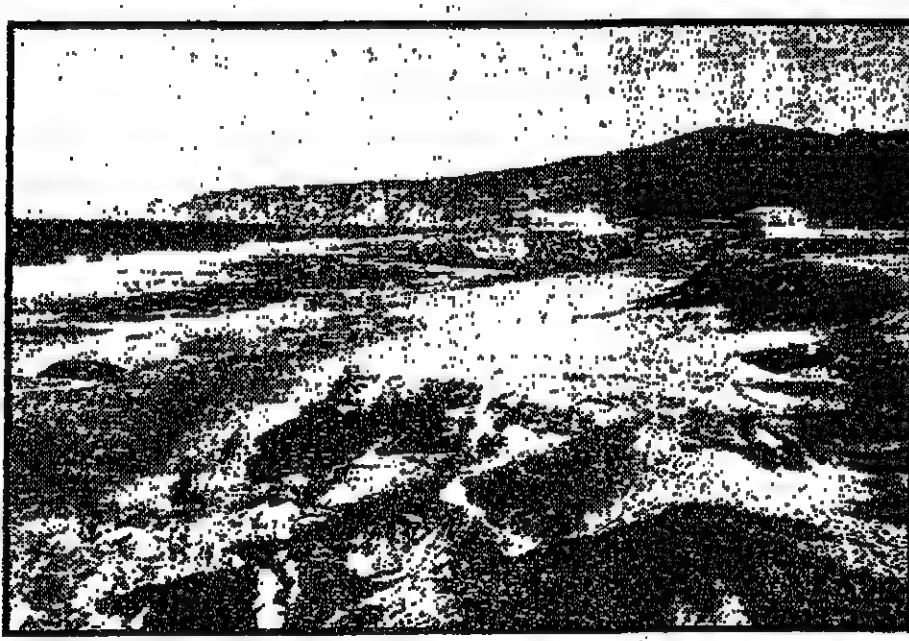
In the sixteenth century Viana was a bustling and opulent maritime trading centre, rivaling Oporto and attracting King Manuel who, on important occasions, held court there. Traders from Genoa, Venice and elsewhere visited Viana, and the local barons built up vast and profitable fishing fleets. The town's museums reflect this former wealth. Today Viana is an important shipbuilding centre.

The southbound highway out of Viana follows the Costa Verde and offers undiscovered beaches where tourists are few and "Bed-dorms" non-existent. Make a stop at the dunes of beach of Ofir, near Barcelos, to watch the seaweed gatherers in their romantic white togas splashing in the surf as they rake in the valuable weed.

Onwards towards Oporto you will find nine or 10 small hospitable seaside resorts where the same warm Portuguese sun will bake you as nicely brown as it would on the Algarve but in surroundings which are excitingly different. Just over the hills lies the remarkable beauty of the Minho with its trailing vines, green fields and smiling people who keep their folklore traditions alive.

The Minho is famous for wine. The grapes you will see growing high above the ground all around you are trained this way to produce the special vinho verde of the country. The wine is available in red and white varieties and is best drunk well chilled. It is green in name only, being picked young and thus having a lower alcoholic content and a slight, pleasant effervescence.

Inland from the Minho is



Atlantic coast with beaches and Cabo da Roca in the background.

the rugged mountainous area of Trás-os-Montes, reputedly the poorest region in Western Europe, crisscrossed by tortuously winding roads which pass through spectacular scenery. Here you will find Portugal's national park that of Peneda-Gerês—full of wild flowers, sweeping panoramas and wildlife such as deer, wolves, foxes, boar and many species of birds including various types of eagle. In this wilderness you can make use of rudimentary camp sites to spend some time in one of Europe's last unspoilt reserves. The coastal road now approaches Oporto, the country's second city and that of port wine. Despite more than 200 years interest Britain has had in this industry, in recent years the United Kingdom has slipped from first place as a consumer of the drink, giving this place d'honneur to the French.

Tomes have been written about the origins of port and the special conditions which give it its inimitable characteristics. Briefly, the vines were brought from Burgundy 800 years ago and planted in the arid, hot and damp Douro Valley—which happens to be on the 41st Parallel, a position in which this vine flourishes.

The production of port wine is strictly controlled in a defined area, and British shippers dominate the industry, governed by a special 1703 trade treaty between Portugal and Britain can hear in fado houses in

designed to meet the demand for the drink which increased after it found favour with successive British monarchs.

Good food is part of the northern tradition (as indeed it is all over the country), and hungry travellers should try the succulent sweet tripe, fish of the area—especially trout of the Minho and the tasty caldo verde soup, a thick potato and spinach mixture flavoured with olive oil and spicy sausage. The main local dish is *doubrada*, a mixture of tripe and white beans which is far more appetizing than it sounds.

After looking around Oporto, which some find a heavy and not particularly attractive city, you will find a wide road southwards passing good beaches around Espinho and starting you down the Costa de Prata—the "silver coast". If you are tired of the beaches by now, take a drive past the Aveiro saltpans and on to the town of Lhavo. Near by you will find the china pottery works of the Vista Alegre company, producing the country's finest china in a selection of classical patterns.

Farther down the coast you come to Figueira da Foz on the mouth of the Mondego which, a few kilometres upstream, passes through the university town of Coimbra, an important European centre of learning in the Middle Ages and still considered Portugal's main university. Coimbra is also well known for its balsa fado, a special version of the traditional plaintive folk-song you can hear in fado houses in

Lisbon's ancient quarters.

The coastline from here down to the fishing port of Peniche is rather desolate and the next part of call should probably be the interesting little town of Nazaré. Its folk live by fishing and market days are colourful, with the women in their multi-layered traditional skirts bearing large trays of fresh ocean fish on their heads and competing with one another to be heard above the general babble.

Within easy reach of Nazaré are other places of historic and general interest such as the massive cathedral at Batalha, the pottery centre of Caldas da Rainha, the monastery at Alcobaca, and the picturesque walled town of Obidos. In this area the battles of the Peninsular War against the French were fought.

Back to the coast again, at Ericeira, is a popular surfing beach with some of the highest waves off this part of the European coast.

From there the road swings inland to Byron's Eden of Sintra, with its wonderful wooded glades, soaring slopes, strange castles and fragrant gardens. Passing through this paradise, which you must see whatever the weather, you drive along the spectacular cliffs of Cabo de Roca, skirt the rocky beaches of the Guincho and emerge in Sintra at the end of the golden line of Lisbon's seaside resorts, among which is Estoril—that playground of deposited European crowned heads.

Jon Fairfax

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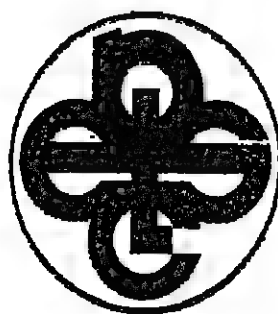
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Mountain backdrop to a curving coast

Golden sunbaked sand—but an icy sea

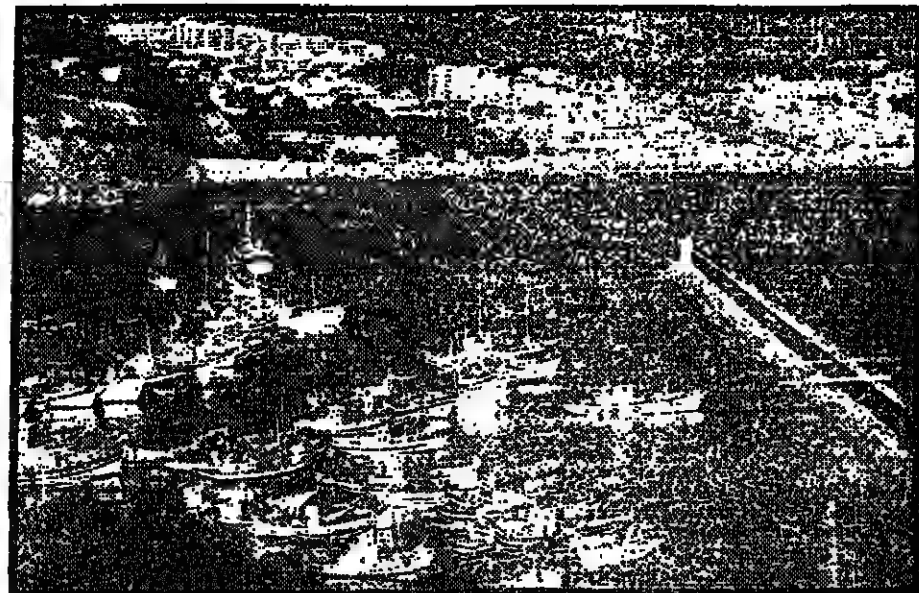
The 400km coast from Lisbon to Cape St Vincent first winds and then sweeps gracefully south, an almost unspoilt continuous stretch of golden, sunbaked sand inviting the traveller for a swim, a picnic, or a stroll. But be warned, the waters off the Atlantic at this point are freezing, even during the searing heat of the Portuguese summer.

Sea, sand and sun are not all you will find along this coast. If you take the road out of Lisbon, crossing the great suspension bridge over the Tagus estuary, and skirting traces of the old Roman route to the south, a short drive will bring you to Aveiro, gateway to many interesting spots. On the first Sunday of each month in Aveiro, a local fair is held which is famous for its pungent cheese. In the vicinity are a number of quintas (farms) and country mansions, including one, the Quinta da Torre, which is now a pretty guesthouse and restaurant.

A left turn at the Aveiro crossroads takes you to Palmela, a walled town with well-preserved examples of traditional architecture and a recently constructed pousada (state inn) installed in the old Moorish castle which towers over the town. The foothills of the Arrábida Mountains (serra da Arrábida) frame the route and dozens of sail-driven windmills, several still working, march along the line of the ridge before Palmela.

A right turn at Aveiro leads you to an intersection where you can choose between Arrábida National Park or the road to the fishing village and beach resort of Sesimbra. Here almost every restaurant will tempt you with fresh fish.

Driving out of Sesimbra and keeping the sea on your left hand you will come to the desolate but starkly beautiful Cabo Espichel, where stands the Shrine of Nossa Senhora do Cabo, a ruined church with two wings of pilgrims' rest-houses flanking it, and all scheduled for conversion into a pousada. Below, the steep cliffs tumble away



The fishing village of Sesimbra, 19 miles south of Lisbon.

giving panoramic views of the area and, if you do mind the climb, there are several inviting sandy coves populated usually only by a few fishermen.

If you take the other option at the intersection you pass through the rolling heathland of Arrábida Park, which sweeps down from the hills to the sea. It is the home of the last protected specimens of original Iberian flora. The route, through this expanse of mountain backdrop brings glimpses of striking sea vistas, whitish cliffs of wild herbs and, if you arrange permission beforehand, a visit to the Convento Novo, property of the Duke of Palmela. A conveniently placed viewing platform overlooks this monastery, alongside one of the line of stations of the cross climbing the mountainside.

Below, in a curving headland, is the little village of Portinho da Arrábida where, close to lunchtime, you should stop for some freshly caught grilled sole and almond tart, specialties of one of the restaurants ju-

ting out over the seaweed-clogged waters on this coast. From this village take the lower road to the ugly but ancient town of Setúbal on the Sado estuary where there are several interesting churches and monuments. Crossing the Sado, by Hoverscraft or car ferry, takes you to Troia, formerly a virgin spit of land at the start of the sweeping unbroken line of golden beach which ends at Cape St Vincent, but now the site chosen for Portugal's equivalent of Las Vegas.

A large tourist group is in the process of erecting a luxury hotel, a holiday apartment and casino complex which when completed will offer all sorts of sporting and holiday amenities. Near by are some Roman ruins, which can also be viewed at Santiago do Cacem, about 60 km farther south, a town flanking the old Roman road from the port of Vila Nova de Milfontes to Mérida in neighbouring Spain. Before reaching these two villages, you will pass the only eyecore on this coast, the massive Sines industrial and oil refinery complex started in 1973 as the focal point for the petrochemical and allied industries. Sines, renowned as the birthplace

of Vasco da Gama, the Portuguese explorer who charted the sea route to India in the fifteenth century, was once a small beach resort, a fishing village and one of the last places in the country to have a town crier. Now it is bustling with construction work and trying to live up to its projected image as a decentralized development point.

Down the road lies Santiago do Cacem, where the Knights of Saint James were once billeted and where an inviting pousada with wonderful views awaits the weary traveller. Then press on along the windy but scenically beautiful road to the plain and unremarkable little seaside settlement of Vila Nova de Milfontes, where you may overtake bevy of American and European tourists.

National Route 20 leads you out of Milfontes and along the coast, crossing the Monchique mountains which are the natural boundary of the country's better-known province, the Algarve. The road will take you directly to Lagos, one of the prettier resorts on this tourist-saturated coast and a sharp right turn soon brings you to Sagres.

Jon Fairfax

The Algarve is becoming too accessible

Old orange groves bear newfangled fruit

For more than 1,200 years the Algarve remained quiet, content in the brooding summer sun. It absorbed the Roman culture and, in time, the Moorish, too. For centuries the peasants tilled their ground, the fishermen braved the sometimes stormy Atlantic as far as the Newfoundland Grand Banks, later in search of bacalhau (codfish). In addition, they were daring explorers under Prince Henry the Navigator.

The oranges, lemons, figs, olives and almonds grew abundantly in the Garden of Portugal and all seemed well. The scene remained so until the early 1960s when businessmen discovered what a boon the region could become for a growing tourist market seeking fresh destinations.

Certainly, for many years before then, holiday makers from Lisbon had visited the area, but it remained quiet and unworldly with only the clip-clop of the donkey carts to disturb the solitude. Now, in the summer, thousands of cars clog the main route (the estrada 125) along the coast.

"So different from the early days when I first came here," said Mr. Harry Warner, who runs Sir Harry's Bar in Albufeira. "Then, I swear, I was the only person driving from here to Faro, a distance of 50 kilometres."

Then came the airport at Faro, disgorging hundreds of visitors ready to suffer to attain mahogany runs and to assault the first golf course to be built (designed by three times Open winner, Harry Cotton) at Vale do Lobo. Since those days the golf courses have multiplied—there are now five, with Quinta da Lago and Vale do Lobo boasting 27 holes each; elegant Moorish-style villas and blocks of flats have sprung up; hotels, often resembling glistening egg boxes, have soared. So far the quickening development has been contained but there is always the danger that the coastline will be spoilt. Indeed, in

some respects it already has been. Dr. Ismael Ribeiro da Cunha, the outgoing president of Algarve Regional Tourist Board, said the disastrous for the Portuguese in the long term.

The examples of two Englishmen show how outsiders can successfully adapt to local conditions. Mr. Paul Allen-Luckman, aged 35, first went to the Algarve in November, 1973, and decided to stay. Married with two daughters, he now runs the successful Algarve Magazine with a staff of 11, five of them Portuguese.

Published monthly, the magazine costs 40 escudos (about 25p), is printed in four colours and has a glossy front cover. With the influx of summer visitors, the sales have been as high as 18,000, although the average number of copies sold is probably about 12,000.

Mr. Allen-Luckman emphasizes that the production is a team effort. There are no prima donnas, and everyone has to take a hand at everything. He is curiously paternalistic for a capital, have arrived, shattering the quietude of the area, have once peaceful region. Smart lunch together every day, operators from Lisbon have and they all have a 10 per cent profit sharing stake in the company. He is a fountain of ideas, not always practical, and is affectionately called the Ayatollah of the Algarve.

Mr. Michael Gilhooly, aged 40, first visited the Algarve about five years ago and promptly bought a house on the Vale do Lobo estate. He played professional football for 10 years, and later he became a draughtsman then built up an engineering consultancy, paying numerous visits to the Middle East. When he reached the Algarve he saw there was room for him to realize a lifetime's ambition and become a restaurateur. He has bought a defunct restaurant and is busily restoring and enlarging the building, putting in a second swimming pool for children, as well as a tennis court and a squash court. He has only to let it be

known that land or a house is for sale and he is inundated by foreigners willing to pay whatever he asks. The increase can only be disastrous for the Portuguese in the long term.

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The beach at Albufeira on the Algarve coast.

The restaurant, to be renamed Le Gastronom, will seat 50 and will, in his own words, "have the finest international cuisine in Portugal." He says: "I intend to earn a rosette in the Guide Michelin. I shall be importing a cordon bleu chef, who will be one of the highest paid in Portugal."

You have to admire the bravery of these two men, risking their own capital in the furtherance of ambition and without exploiting the locals. Curiously, Mr. Allen-Luckman and Mr. Gilhooly both have red hair and blue eyes, like many Algarvians. There must be something in these ginger-bred men.

That, then, is a microcosm of Algarve life. It is a province, separated from the rest of the country by the Monchique Hills, where difference exists: when sage old men gravely ward the passing traffic and the soaring construction; there in the Notario's office, the age-old rite of signing a document is made official by making a finger print of the index finger of the right hand. The Moorish invaders of AD 711 called the region A. Gharb which translates as the Land Beyond. Sadly today, with modern travel and communications it is too accessible. But nevertheless it is good for the country's balance of pay

Anthony Jones

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From cod to cakes Culinary challenge

Although cod, cabbage and confectionery seem to many visitors to epitomize the national diet, Portugal's different provinces can provide much more adventurous culinary pleasures than these.

Cod (dried and salted) which they call bacalhau, however, has come to represent a continuous challenge to Portuguese cooks, professional and domestic. "We have as many recipes for it as there are days in the year," a Lisbon restaurateur said proudly; and at a party a local resident whose wife is Norwegian boasted not of her feminine charms but that she could cook bacalhau perfectly in 12 different ways.

To the visitor who likes fish, whether from the sea or rivers, with scales or shells, Portugal offers incomparable variety. Restaurants, by the sea or in cities, often have tempting displays of exotic seafood: even market places have vendors of grilled crabs or more lowly marines, and in taverns and bars fish dishes are abundant too. From now until April is the season for lampreys—most renowned in the northern Minho province, where they are cooked with rice or spiced, while in the region near the Douro canyons they are seasoned in vinegar.

Tourists bored with the kind of bland "international" menus too often served to visitors on pension or package tours, may be happily surprised if they decide to eat out. Find out where the local people go, and you'll nearly always have a far better meal than in most tourist-oriented places," was the advice I had recently from a British friend who has lived in Portugal for more than 20 years.

Portugal's imperial links with the East have strongly influenced its native cuisine, and besides the hottest spices, there is imaginative use of coriander, to flavour soups, and some delicious pork dishes. The smoked hams from Chaves and Lamego are especially good: you can also find a local smoked salmon, and smoked swordfish too.

The Portuguese love very sweet puddings, pastries and little cakes, which remind me of those found in the Middle East. Confectioners' windows often have a golden glow, which comes from the display of cakes enriched with egg yolk. Some have tantalizing names such as "angels", "blossoms" or "nuns' sighs". One guide book only relates that of Amarante, one of the most charming towns in the Minho, there is a legend that on a certain saint's day "elderly bachelors and spinners give each other

cakes of an indecent shape". For the wine-loving traveller, Portugal can seem like a bacchanalian dream.

For picnics and thirsty questing, it is still possible to buy a drinkable litre of ordinary red or white (but watch out among the whites for bottles of too deep a colour—generally a sign of careless storage, or old age) for less than 50p, but you must pay up to 10 times that price for one of the finer reserve wines of good vintage. An average bottle of a well-known brand or district costs from about 80p to just over £1 at supermarkets and grocers; restaurant prices are generally very reasonable, with house wines often starting at well under £1 in the more modest places.

Vinho verde—which literally means "green wine"—is verdant in name only: this refers to its youthful character, which is its great charm. If you have enjoyed the gentle, slightly flowery Alentejo at home, in Portugal try its drier "cousin", Casal Garcia, and a lovely silky golden wine, Planalto, made by the same winery, Sogrape.

Among other white wines to seek out is the smooth, dry, greeny gold Bucelas, from vineyards 16 miles north of Lisbon, and most carefully vinified in the cellars of Chaves Velhas, its sole producers.

Very light on the palate, and maybe Portugal's future rival to Italy's Soave, is the pale dry golden wine from the Estremadura, produced by the firm of Serra, which also makes a light and fruity red from the same district, as well as producing very well made wines from the Dao.

To mention just a few, look out for the fine Dao Terras Altas (from the house of Fonseca, also producers of the popular fruity, dry white Branco Seco Especial); the fine Dao Caves Velhas, and the smooth and velvety Conde de Santar.

If you enjoy vintage port in Britain, do not be disappointed to find little Portugal—it is nearly all exported to us. Apart from the lodges of the port houses in Oporto, you can find some good ports to taste at the vineyards of the producers in Lbna and Oporto.

South of Lisbon, in the vineyards of Setúbal, there is made a luscious deep-toned dessert wine from the Moscatel grape. The old vineyards are well worth searching for, and of course, there are many splendid old madeiras with which to complete your bacchanalian experiments.

Joyce Rackham

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Scenery certain to be spectacular

Planning a trip with pousadas in mind

Portugal has a network of 24 pousadas—literally, resting places—scattered around the country, some in ancient castles, palaces or monasteries, others built by the state out of places in regions of interest and designed to incorporate the best in local food, wine, decoration and hospitality.

An interesting variant on the normal unseemly holiday is to plan a trip through the country to take in as many of the historic pousadas as possible. Your route will be varied as the country, and the scenery is certain to be spectacular. The pousadas are situated along the various coasts, in the mountains, on the plains and in the Algarve. Their prices are reasonable and their food and wine of a high standard.

A good place to start is the charming walled town of Obidos about 100m north of Lisbon where the Pousada do Castelo, a national monument, is installed in a castle built by King D. Dinis as a prison for his wife, Queen Isabel, in the fourteenth century.

The battlements around the town were originally Moorish, for Obidos was captured from the Moors in 1148 as the Christian forces pushed southwards to expel them from the peninsula. The pousada has 11 beds, and is one of the earliest converted. Graham Greene used to spend his holidays there and, although Josefa of Ouides, a famous Portuguese primitive artist, worked there, Obidos has never developed into the sort of artists' colony that similar places in France have.

Obidos is romantic in various ways: in one of the town's Renaissance churches infant princes were betrothed and one of the gateways was built by a local man (who was serving as a magistrate in Portuguese Goa) in memory of his daughter, said to have died of the love of an Obidos boy. The whole preserved as a national monument, the town lies a little to the south of Roliça where Wellington fought his first battle against the French in the Peninsular War of 1808. The sea and good beaches are

close by, as are the town of Peniche and the island of Berlenga off the coast, both worth a visit.

A good half day's drive southwards will take you to Evora and the pousada with 54 rooms, sited in the Convento dos Lóios. The convent was built between 1485 and 1571 for the order of St John the Evangelist and is on the site of the former Roman castle. Evora is a baroque city of Manueline, baroque and renaissance styles, a place filled with fountains and known as the "museum city" because of the well-preserved ancient buildings and surrounding battlements.

Evora was once the court of the kings of Portugal before the Braganças, who ruled for 300 years, took up royal residence at the Vila Vicosa near by, where the former palace are now a national monument open to the public. In front of the pousada stands the remains of the Roman temple to Diana used variously as a mosque by the Moors, a church by the Christians, and even a municipal slaughterhouse before being left in crumbling ruins.

Completing the Alentejo triangle of pousadas are those at Estremoz and Elvas, with the former being the most interesting of the three. Its 44 rooms are in a castle dating from 1258 and called Pousada da Rainha Santa Isabel after the wife of King Dinis who, as a helper of the poor, was later sanctified.

The castle still has its 27 meter deep moat and the bedrooms have four-poster beds. The room where Queen Isabel died became a chapel and the whole inn is justly furnished with antiques and restored furniture and Portuguese arraiolos carpets.

The pousada at Elvas, built on the outskirts of the town, is a new building with good views over the surrounding countryside towards the Spanish border near by. The food is excellent, especially some of the fish dishes.

make a European spa tour in one country, when visiting Portugal. But the spa, which have 11 per cent of the national bed capacity, are not merely places at which to take the waters, and the tourist board hopes to alter their image as resorts for the sick or elderly.

Many of the latter spas offer a variety of sporting possibilities, together with walks in the countryside and the peace and quiet of remote sites. Package deals are now being offered to attract tourists from Italy, West Germany and Scandinavia to attract groups to the area, almost all of which are situated in the verdant hills north of the country. Some in Portugal date back 3,000 years and are usually found along the great military roads, leading to Rome because Roman travellers used them for relaxation and recuperation, precisely the ends to which visitors put them today.

The spa in the wild and spectacular nature reserve of Peneda-Gerês is a particularly remote but worthwhile place for a visit. Groups bound for this spa are able to enjoy walking tours through the reserve, a new venture yet to be fully exploited.

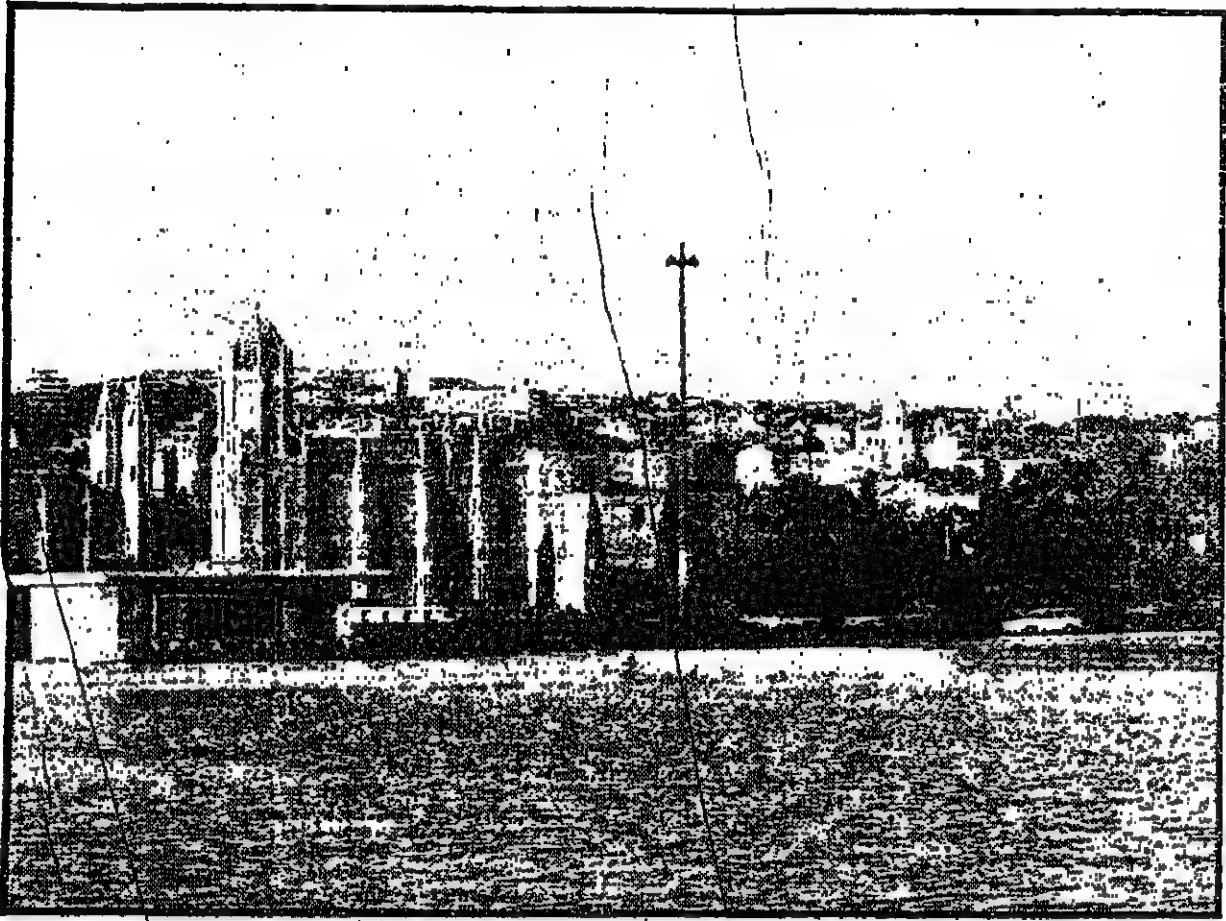
Another spa with great attractions is that at Vidago, for decades the "in" place of the Portuguese upper classes who took their families there every summer. Vidago was opened in 1893 and is the sort of place Marcel Proust would have been at home in. Its 120-roomed Palace Hotel, in the baroque style, speaks of the belle époque and was built by King Carlos I as one of his residences. It was regularly used by the royal family, and the Portuguese writers Ferreira de Castro and Ramalho Ortigao have been other famous visitors.

The art nouveau decorations it features are genuine and some of the best examples of the genre in the country. The park-like surroundings and the relatively isolated situation make it an ideal getaway place for a holiday, and the grounds include a nine-hole golf course, tennis courts, a swimming-pool and a small airstrip.

J.F.



A chat and a drink in Rossio, the main square of Central Lisbon. Below: the monastery of Jeronimos, with Lisbon in the background.



The platform of the Santa Justa lift affords a magnificent view over Lisbon.

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City high in the charm league

Where tram still delights

If I were to award star ratings in the league table of Europe's most appealing and civilized cities, Lisbon would be high in the constellation. Although English expatriate residents, and countless Lisboners complain that their town is not what it was, to the visitor Lisbon retains unspoiled qualities which many northern and southern European cities have irretrievably lost.

One of its finest assets is the wealth and variety of its architecture, from the splendours of the medieval and Manueline, to deliciously flamboyant nineteenth-century, superb art nouveau, and lots of art deco as well. Lisbon is a great city to stroll around, but be sure to wear your most comfortable shoes, and take a taxi, bus, tram, or the elevator to the highest point, and then amble downhill.

The elevator, I must explain, is one of many relics of Anglo-Lusitanian civil enterprise—a huge lift encased in a magnificent cage of Gothic design, built in 1901 by the British firm of Waygood. The interior, of fumed oak, bears well-polished plaques designating them as lift makers to "His Britannic Majesty". It only costs 4 escudos (about 3p) to ride in it, and you step out on to a terrace with breathtaking views all over the city and down to the river front.

The Tagus, now spanned by a magnificent and graceful modern bridge, is so broad that when you look down hill from the Avenida da Liberdade, you might imagine you were seeing the sea. It is great fun to cross it in one of the sturdy "tubs" which operate a continuous ferry service.

For the equivalent of 10p you can take one to Cacilhas, now, alas, a rather down-at-the-heels township. Make straight for the restaurant Floresta do Ginjal, where you walk up a staircase intricately embellished with shells to a dining room with a splendid view over the waterfront, and excellent fish dishes and seafood.

For tram-deprived Britons those in Lisbon provide a most amusing and illuminating method of travel. You ask for a electrico—the finest, in my mind, are the oldest—painted bright yellow, and manufactured in Wednesbury about 1900 with paneled wood interiors and lots of polished brass. They sway, grind, clatter and clang up seemingly impossible heights, and it can be hilarious when two come "face to face" at a busy junction, and solidly comfortable, is

and one has to slide back to give way to the other. One fine worth remembering goes uphill from the pretty Largo do Carmo, by the archaeological museum, up to the rua San Pedro de Alcantara, with a small park with more marvellous views over the city and a welcome haven for footsore travellers, the Solar do Vinho do Porto, the official tasting centre of the port producers. Housed in an elegant eighteenth-century palace, and luxuriously furnished, it provides a range of ports from the most delicate white to venerable rancio and great vintages reasonably priced.

On Tuesdays and Saturdays there is a flea market, Feira da Ladra (literally the thieves' fair), which extends up a maze of streets in the picturesque old Alfama district, the home of many taverns, some now spoilt by being "tamed" for tourist Lisbon-by-night, where the melancholy and often haunting local fado music is played and sung. I satiated both hunger and thirst in a tiny, tascu where my neighbours were gypsy market traders. The women wore voluminous pleated skirts and gathered aprons, and were surrounded by some beautiful children. For less than 40p I had a bowl of rich vegetable soup, superb bread and a pitcher of very drinkable white wine.

Museums in Lisbon can occupy enthusiasts for days, extending from those devoted to coaches and maritime matters to the splendours of the arts and crafts, with national treasures of painting, gold, silver and tapestries. Then there is the superbly designed Gulbenkian, with its lovely gardens and patios.

While the Gulbenkian displays some precious art nouveau, you can also see some in the streets around the fashionable rua Garrett and rua do Carmo, in shop fronts with beautifully etched glass, splendidly inscribed—sometimes with evocative paintings.

Lisbon has many good hotels, but be sure to avoid rooms overlooking the main avenue, which are impossibly noisy from early morning, and refuse to be booked into multi-story ultra-modern places too far from the vicinity of the grandiose Marques de Pombal monument and square. Near by is the elegant Ritz, which has one of the city's prettiest restaurants, and offers Sunday brunch "to the strains of the celestial harp". Most conveniently placed, and solidly comfortable, is

the four-star Hotel Florida (listed by Sovereign Holidays and Abreu Holidays). This is just off the Praça de Pombal, and quiet; not far away, overlooking the pretty Eduardo VII park, is the well-run three-star Hotel Miramar (listed by Sunours of Whitney and Portugal Holidays). If you are making an international flight by Air Portugal before the end of March, the company is offering a free night's stopover in first-class hotels, with meals included, and many worthwhile discounts. In May Air Portugal inaugurates its first direct service from Manchester to Lisbon, which operates twice a week.

J.R.

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B. Sitting outside a beach café eating freshly grilled sandines with homemade country bread, and drinking red wine from the wood, while the sun slowly sets over the ocean. For only £1.00 a head.

C. A fixed-price menu in a small continental roadside café: £4.00 a head without service.

2 WHICH OF THESE HOTELS WOULD YOU MOST LIKE TO STAY IN?

A. The Pousada dos Lóios, a 15th century converted monastery for around £16.00 a night, including breakfast and a lavish dinner in the cloisters.
B. The *Hotelagens do Forte Moura*, a charming inn on the outskirts of Lisbon and overlooking the sea, for around £12.00 including breakfast.
C. A modern tower block hotel overlooking the station. Half board and half built for £5.00 a night.

3 WHEN IT COMES TO SOUVENIRS WOULD YOU RATHER HAVE?

A. A colourful, hand-embroidered peasant's shawl for under £4.
B. A pair of the finest, hand made leather shoes for £5. Or a pair of elegant women's boots for only £25.
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4 WHAT IS YOUR IDEAL BEACH?

A. One that you discovered yourself.
B. One that was recommended by a local or a best.
C. Where have all the people gone.

5 WHEN YOU'RE TOURING IN YOUR CAR DO YOU LIKE TO?

A. Feel that you're going somewhere that other tourists have never before.
B. Stop wherever you fancy and know you'll always find something amazing to see, do or eat.
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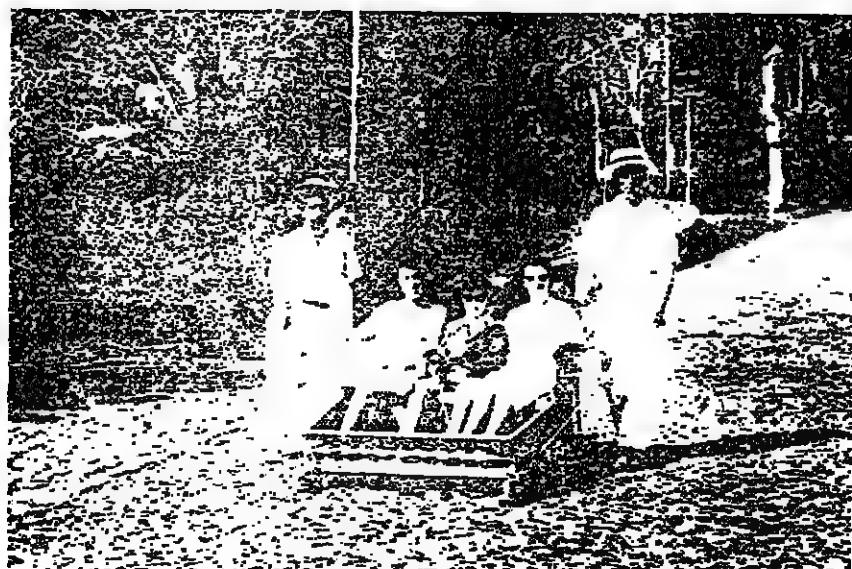
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PORTUGUESE TOURISM

The beautiful Atlantic island of Madeira can justly claim a head start over resorts now competing for a place among the most popular in the world tourist market. Two centuries ago the first visitors to enjoy its subtropical delights arrived by steamer. Old Madeirans remember nostalgically about the elegant days of the cruise era before the last war.

The jet age began for Madeira only in 1962, when the airstrip was inaugurated on its small neighbouring island of Porto Santo. Historically, it was fitting that this landing ground preceded Madeira's airport, for the celebrated voyage of Joao Gonçalves Zarco, one of Prince Henry the Navigator's heroic explorers, ended in a landing in 1419 at Porto Santo. The voyage was beset by terrible storms, and the sailors named the area "holy port" in gratitude for their safe arrival.

Later, Zarco returned to

establish a Portuguese colony, whose prosperity grew until checked by a French pirate incursion in 1566, and 60 years of Spanish occupation. This ended in 1640, when Portugal finally regained its lost territories. Twenty years later, Charles II's marriage to Catherine of Braganza brought the first Brazons, whose "colony" soon developed a prosperous wine trade with Britain.

Wine now represents more than 11 per cent of the regional product, and about 16 per cent of total exports—the bulk of which comes from the foreign currency in EEC countries (notably France). These exports dipped in 1980, the first year in which the Community's prohibition of imports of Madeiran wine made from any hybrid grape took effect.

Madiera's top export (more than 28 per cent) is its banana crop, which is sent entirely to Portugal on preferential terms. Dr

Susano Franca, the Economic Secretary to the regional Government, said: "We are very preoccupied by the problem of bananas, because from South America are much cheaper—but Portugal saves currency by buying ours." If Portugal joins the EEC, the Community's present commitment to buy bananas from Third World countries would certainly affect the future of Madeiran producers.

Diversification into more intensive production and export of the island's fine subtropical fruits, as well as early vegetables, could eventually be much more lucrative. But with such difficulties to cultivate, the so many small farmers, we do not have the best conditions," Dr Franca pointed out.

The island's largest source of foreign currency is remittances from the one million Madeiran emigrants living in

Madeira

Record year for British tourists despite inflation

Venezuela, Brazil, North Africa, Europe and South Africa (where there are about 300,000—as many as the island's population). Dr Franca said that in 1980, emigrants were estimated to have sent home about £47m. "Since they also bank and invest a lot of money in Portugal, it is impossible to calculate the total exactly," he added. One mixed blessing from their wealth is a boom in house and apartment building, especially in and around Funchal and Machico.

Senhor Alberto Joao Jardim, the regional Premier, said that cement consumption had risen 100 per cent annually since 1977, and that there was full employment in the building industry. Many Madeirans criticize the adverse effects of such a building boom on the environment in high density areas such as Funchal. Even worse, they say, is the rise in building costs, it is much dearer to build a flat now in Funchal than it is in Lisbon

and for new hotel enterprises the cost per room is equally daunting. At present there is little building in that area.

Madiera's balance of payments reached a deficit in 1980 of about £54m (its imports about 85 per cent of consumer goods, capital equipment and food) but Dr Susano Franca considers that the benefits from emigrant remittances, as well as earnings from tourism (conservatively estimated at about £34m in 1980), more than offset this.

With Senhor José Ribeiro de Andrade, director of Madeira tourism for the past 12 years, I discussed the progress which had brought the total of visitors from 84,500 in 1970 to more than 257,000 in the boom year, 1977. "We estimate that on average, tourists spend about 2,500 escudos (just over £20) a day and this benefits everyone from folk dancers to fishermen, taxi drivers and traders," he said.

"Until 1975, Germany headed foreign tourists since then the British have overtaken them, and so have the Portuguese, who are in vogue on currency for big days abroad. Ironically, at the end of 1977 was marked by the first two airliner crashes at Madeira's airport: this caused a notable decline in the number of tourists from Belgium, Sweden and Germany. But we were saved by the British, whose numbers continued to increase—reaching the record figure of more than 64,000 in 1980, which represented over a quarter of all tourists that year."

Inflation, now running at about 21 per cent, has noticeably put up hotel and restaurant prices, but not unfairly, while domestic air fares (once among Europe's cheapest) have risen steeply—a obvious cause of the drop in visitors from the Continent, as Madeirans describe Portugal.

One of the island's major problems, both for tourism and for the economy, is the danger of isolation caused by strikes, whether by the national (and only scheduled) airline, Air Portugal, or, as happened last year with serious consequences, by Portuguese air traffic controllers. Among the positive benefits of Madeira's autonomy is the determination of its Government to meet such situations resolutely, by chartering aircraft to get tourists home for example. Last year the even used military aircraft for emergency cases.

Madirans talk wistfully about having their own airline. More realistic, and likely to attract foreign investment, would be the resumption of a regular passenger and cargo ship service between Lisbon and Funchal.

Joyce Rackham

'Fairy tale' Funchal is really practical

From a distance Funchal may look like the fairy tale capital of an island paradise but close up it is a practical town, bustling with activity and clogged with traffic jams at rush hours. Because tourism was not developed until the 1960s on Madeira, Funchal has remained largely unspoilt by development. A number of excellent new hotels with their much-needed pools have changed the view a little, but the old heart of Funchal survives and here or there a square or street still looks like a set from a long-forgotten Hollywood movie perhaps located in some never-never colony.

The cathedral, consecrated in 1516, is the island's finest monument. In Gothic style, with three naves, its walls are of red stone, and the triangular tower may be climbed by a spiral staircase. It contains a fine sixteenth-century gold processional cross. Other churches worth looking at are the Colegiado Church, Carmo Church and the Church of Santa Clara.

There are a number of museums of rather specialized interest: the Municipal Museum, which is a natural science museum, in a building shared by the municipal library and the aquarium; the Quinta das Cruzes Museum of decorative arts and sculpture; and the Religious Art Museum devoted mainly to painting, especially of the Flemish School.

There are three pleasant gardens in which to rest after your explorations: the Municipal Gardens, the City Park and the Botanical Garden with their wide variety of trees and flowers, and the occasional public monument. On their much smaller scale they provide the kind of respite from noise and bustle that Hyde Park does in London.

More interesting still is the covered market with its colourful displays of exotic fruit and fish. The fish hall is surprisingly clean and smells little, despite the large amount of fish and the various chopping up operations taking place even on a hot afternoon. However, it is still a pleasure to leave all that and wander among the fruit-sellers in traditional costumes on ground level and round the gallery. Everyone is happy to pose for pictures.

A visit to the lovingly preserved headquarters of the Madeira Wine Association is a great pleasure. You need about two hours for this. Half the trip is taken with a guided tour round the old vats, storage racks of casks, and the second part is the wine tasting. We tried 12 different kinds which was a most enjoyable way of ending an afternoon. It is hoped that you will buy a bottle or two while you still have a clear head to make a choice. The wine lodge was once a convent and includes the oldest street in Funchal.

You should try to have at least one meal in a local restaurant. We visited the A Seta in Funchal, which was delightfully informal. You pull your own meat from a huge skewer built into your table, the waiter cheerfully spills wine over me, and the espada was excellent. The meal was accompanied by two men with guitars and a young woman singing folk songs which everyone joined in.

You may like to try one of three kinds of traditional transport. There is the hammock, made of tough textile tied to a sturdy pole resting on the shoulders of two carriers, which everyone joined in.

The harbour is well worth a visit. It is the home of the Madeira Wine Association, and the Madeira Wine Association is a great pleasure. You need about two hours for this. Half the trip is taken with a guided tour round the old vats, storage racks of casks, and the second part is the wine tasting. We tried 12 different kinds which was a most enjoyable way of ending an afternoon. It is hoped that you will buy a bottle or two while you still have a clear head to make a choice. The wine lodge was once a convent and includes the oldest street in Funchal.

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who had difficulty walking. Finally if you go to Monte, high above Funchal, you will be able to try the toboggan. This is a slightly frightening experience; a wicker basket for two set on greased wooden runners is guided down the steeply sloping and curving stone-paved street at great speed by two men with ropes and enormous strength.

You can take buses for the various trips that can be made from Funchal, but it is much better to hire a car (from about £10 a day) or even take a taxi for the day. It takes at least two days to see the island. There are basically two areas to explore: the coast route right round the island and the mountains of the interior.

Some of the scenery is quite spectacular, for example the panoramas of Funchal from Pico dos Barcelos or the view from Ponta da Moura (altitude, 1,026 metres) of the village of Curral das Freiras and the high peaks of Madeira. The narrow coast road between Sao Vicente and Seixal is carved through the rock or just out over the sea and Santa, a village in the curves through waterfalls. Take a pullover and raincoat for the mountain trip.

Places to visit are Camara de Lobos, a rather smelly wickerwork industry, where almost anything can be bought extremely cheaply

and his reputation for shocking the establishment in Lisbon, and locally, has gained him great popular support. On islands and in cities, "Our progress is a reality. Now we can run so much on our own—but we still cannot raise taxes ourselves, or have our own judicial system."

He is proud of what he calls the boom in development after autonomy came into force in 1976, and of the notable increase in salaries which has brought agricultural workers, hitherto poorly paid, much nearer in earnings power to those in towns. He wants agricultural workers, helped by government subsidies, to be able to buy a stake in the land they work. "If we have many small proprietors, there will be no Marxism." (There is only one Communist among Madeira's 44 deputies.)

Senhor Jardim adds that Flumma, the separatist movement which achieved support after the revolution, when Portugal seemed likely to be overpowered by communism, "has died out—there is no need for it now."

He believes that high quality four and five star tourism, must be the main variety, will preserve Madeira's natural beauty.

Senhor Jose Barreto is the chairman of ITI (Sociedade de Investimentos Turisticos na Ilha de Madeira), the Portuguese and German consortium which made the 500m investment to build the Casino Park—the island's largest luxury hotel—and the adjoining casino and 650-seat conference centre.

After the 1974 revolution caused considerable delays

in finishing the buildings, hours a day—"Work is like a hobby for me"—but now Professor Oscar Niemeyer, architect of Brasília, the hotel opened in late 1976, and the casino in 1979.

Senhor Barreto, a genial, unassuming man aged 44, was born in Beira, Mozambique, where his father, Antonio Barreto, headed a family with large interests in ship repairing, cars and timber in Angola and the Congo. "When the revolution came we lost everything there, and had to start all over again."

He had already left Africa in the 1950s to take a course in business studies in Portugal, and says: "I spent five of the best years of my studying life in Madeira as if it were my Britain." He likes family place of birth and I would holidays in such places as Salcombe and Torquay else."

The Portuguese Government offered his father the concession to build the casino and hotel in Madeira in 1965. "When he signed the contract, he told me to take the next plane. I had just married, and the honeymoon, as I had to start work immediately," Senhor Barreto said that for 15 years he worked 15 to 20

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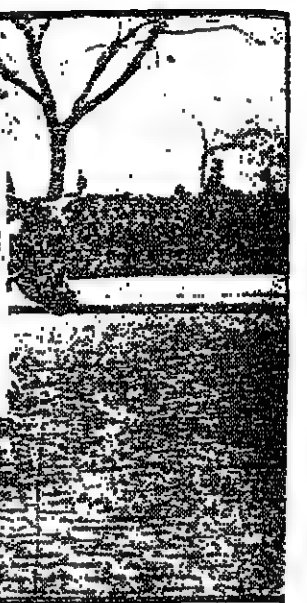
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Joyce Rackham looks at three careers



Senhora Isabel Camara is a director of Madeira Superbia, one of the island's leading firms making the embroidered linens and fine tapestries which are the island's second most important export. She became a partner eight years ago after the death of her mother, who founded the firm in 1951.

Today about 15,000 women, nearly all working at home, are embroidering in Madeira, a tradition started about a century ago by an English woman, Miss Phelps, who went to Madeira for health reasons. Unfortunately most of the young girls, who learnt from their mothers and grandmothers, are not taking to embroidery with the same enthusiasm.

Many prefer jobs outside the home of even the most menial domestic kind. "It is very sad," Senhora Camara says. They export a lot of fine lingerie and clothes specially designed for France. Some of the most luxurious bedlinen goes to Italy, table linen and tapestry pictures to the United States. British tourists, she says, can rarely afford the expensive items, but the Germans can.

Senhora Camara combines her work at the Funchal showroom (with branches in Lisbon and Estoril) with running a home full of English and Portuguese antiques. It is an old family house—and a sign of the times—the ground floor is let to an English-style pub. The first floor is a museum of Madeiran women like myself now have to work, to help the family budget in these days of inflation," she says.

Senhor Alberto Joao Jardim, aged 33, became president of Madeira's regional government three years ago, and in last December's elections his party, PSD—the Social Democrats—achieved an overall majority of 73 per cent. Regarded as an astute politician, his dynamism is a sharp contrast to the dreamy pace of the average Madeiran.

A chunky, extrovert man in a sober grey suit, he looks more like a successful businessman than a politician.

Senhor Jose Barreto is the chairman of ITI (Sociedade de Investimentos Turisticos na Ilha de Madeira), the Portuguese and German consortium which made the 500m investment to build the Casino Park—the island's largest luxury hotel—and the adjoining casino and 650-seat conference centre.

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and his reputation for shocking the establishment in Lisbon, and locally, has gained him great popular support. On islands and in cities, "Our progress is a reality. Now we can run so much on our own—but we still cannot raise taxes ourselves, or have our own judicial system."

He is proud of what he calls the boom in development after autonomy came into force in 1976, and of the notable increase in salaries which has brought agricultural workers, hitherto poorly paid, much nearer in earnings power to those in towns. He wants agricultural workers, helped by government subsidies, to be able to buy a stake in the land they work. "If we have many small proprietors, there will be no Marxism." (There is only one Communist among Madeira's 44 deputies.)

Senhor Jardim adds that Flumma, the separatist movement which achieved support after the revolution, when Portugal seemed likely to be overpowered by communism, "has died out—there is no need for it now."

He believes that high quality four and five star tourism, must be the main variety, will preserve Madeira's natural beauty.

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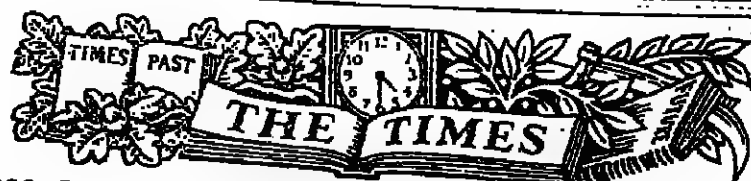
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He



RETROSPECTIVE AND RETROGRADE

Sir Geoffrey Howe's third Budget did not get a good press. In most respects, however, he was cleverly to his hard, high road to sound money and a profitable private corporate sector for the economy. He kept his back turned firmly against those, including many of his own Cabinet colleagues, who argue that there can be no escape from the recession without deliberately increased demand in the economy.

But there is one important respect in which he broke his general belief in the importance of a supply-side economic policy. His deliberate attack on the profits of the banks and of the oil companies was unnecessary and damaging. The purpose of this Government's economic policies is to create the conditions in which profit is encouraged. It is quite contrary to his general philosophy to introduce budget measures aimed specifically at two industries on the sole grounds that in a time of very great general economic difficulty they are making significant profits.

ELECTION SHADOW ON THE WEST BANK

Since the announcement of a general election in Israel two months ago, the right wing Government of Mr Menachem Begin has been unmistakably tightening its grip on the occupied West Bank. The aim—as a Housing Ministry spokesman put it—was to create new facts on the ground. In order that no incoming administration should be able to relax or even remove Israeli control over the West Bank after the election in June.

The latest move in Mr Begin's campaign is the announcement that next month a magistrature will open on the West Bank, with jurisdiction over the Jewish settlement of Kiryat Uza. The settlement, a large state of concrete apartment blocks surrounded by barbed wire, overlooks the Arab-populated town of Hebron, and has frequently been the scene of tension between Arab and Jew. The establishment of a Jewish court is regarded by many West Bank Arabs as the thin end of a wedge which will ultimately be used to extend Israeli jurisdiction over an area still formally subject to the old Jordanian laws. This follows an intensive

The retrospective windfall tax on banks ought to be particularly offensive to a Government that is in favour of encouraging profit. Gradually over the past ten or so years the general public has been educated to an understanding that profit is a clean and not a dirty word. Even the last Labour government encouraged a much greater public understanding of the need for profits and profitability. These two measures in the Chancellor's latest budget are, therefore, particularly retrograde. In addition, retrospective legislation of any sort ought to be avoided as a matter of principle in an open society. To penalize banks, or anyone else for that matter, on a basis that was not known at the time the business was legitimately done is quite simply wrong. The banks are quite right to react as strongly as they have. It is ironic that it should once more be a Conservative government that is at loggerheads with an important section of the City.

It is, of course, true that there is a windfall element in the profits of banks and other financial institutions in a period of high interest rates. It is also presentationally difficult that banks tend to make high profits in a period when the rest of private sector is at the bottom of the profit cycle. That, however, is no reason for any Government (and least of all this one) to pander to the worst kind of ill-informed populism. There are enough legitimate criticisms that can be made of the banks (and for that matter of some of the oil companies). Despite their protestations to the contrary, the banks and other financial institutions have been slow to develop creative and long-term methods of financing new industry. The oil companies have been allowed to do too little by way of developing new ancillary industries in the United Kingdom. It is in these areas that progress could be made, not through another attack on legitimate profit.

programme of settlement building, aimed at establishing as strong a Jewish presence as possible before June. The Israeli Labour Party, which is widely expected to win the election, rejects Mr Begin's policy, which it describes as "aiming at the annexation of the whole West Bank and Gaza and the 'settling' of the Jewish population." In view of the "social and moral quality of the State of Israel," Labour also "rejects permanent imposed rule over the 1,200,000 Palestinian inhabitants" of the occupied territories. Mr Peres has said that if he becomes Prime Minister he will move towards setting up a state "within which the identity of the Palestinians can find expression," preferably through negotiations with neighbouring Jordan.

In practice it might well be very difficult to undo what Mr Begin has done "on the ground." There are in any case doubts over whether Labour will really wish to do so. It was a Labour government, after all, which first established settlements in the occupied territories. In his interview with our Jerusalem Correspondent which we report today, Mr Peres states that he does not

intend to build more settlements, but adds that he will not dismantle existing ones, including those rushed into being by Mr Begin. As our Correspondent suggests, this may be election politics, with Mr Peres not wanting to be seen as "softer" than Mr Begin. It could be that Mr Peres is hoping that the main election issue—the dismal state of the Israeli economy—will sweep him to power, and that he can then take a flexible and imaginative line on the Palestinian question after all.

If that is the case, there may yet be a solution on the West Bank acceptable to Palestinian moderates. The question of which Jewish settlements should go and which might stay would then be a matter for negotiation, as Mr Peres has (until now) said it would be. Hardline elements among the Arabs—including the Palestine Liberation Organisation—have always feared any such moves toward a reasonable solution and have used Mr Begin as a bogymen to justify their own dogmatism. For Mr Peres to emerge as not noticeably different from Mr Begin could only encourage the forces of extremism on both sides.

Speaking to all Northern Ireland

From Dr Brian Feeney
Sir, Mrs Thatcher has done a grave disservice to the cause of peace and harmony in Northern Ireland, both in her speech last Thursday and in the form of a letter to her visit. Several points she made quite clear: that she had come to reassure people, restate the British guarantee to Unionists in Northern Ireland, and to show by a £50m grant to the Northern Ireland Electricity Service that there is no immediate economic withdrawal. There are other conclusions to be drawn from her visit. First, violence, or the threat of it, pays off because it produces action from Mrs Thatcher. Her last lightning visit was immediately after the slaughter of the paramilitaries in 1979 by the IRA. Now Jan Paisley's intimidatory antics have galvanized her into action again. She reacts to extremism, indeed she plays into the hands of extremists by word and action, discrediting people operating through the political process.

Her speech on March 5 was the most sectarian ever made by a British Prime Minister, since Ireland was partitioned. Previous Prime Ministers have nodded in the direction of a substantial dissenting and disaffected minority in Northern Ireland (which the 1981 census will show to be bigger than ever). Not Mrs Thatcher. She addressed herself to Unionists only, she spoke of the "people of Northern Ireland" as if they are one when they are notoriously divided. But when she spoke of "the UDR in the Defence Regiment" it was obvious. Her remarks were for one section only of the divided community because the UDR is predominantly Protestant and some of its members have been shown to have been closely associated with Protestant terrorists.

Mrs Thatcher then went on to speak of the dead, but even these—529 she mentioned—were only of one community (it's true the other 1,500 no longer exist). How can she imagine she was helpful when those very people she felt impelled to address in such an exclusive manner have, by their intransigence, ensured no prospect of harmony in these islands, no place for their Catholic fellow citizens in Northern Ireland?

Mrs Thatcher repeated the British Government's guarantee to the Unionists and added her own personal attachment to it thereby

encouraging their intransigence, buttressing their beleaguered mental prison. Now that Mrs Thatcher has so firmly nailed her colours to the Unionist mast, now that she has sided so clearly with the exclusive doctrines of Unionist bigotry the IRA can say: "We told you so. This proves the nationalist people will never be seen or treated on an equal footing with Unionists." Because not only did the Prime Minister mention the anti-Unionist, she ignored them in the studied fashion, visiting only factories deliberately sited in exclusively Protestant areas by previous Unionist governments, and flying along the Fermanagh Marches in a helicopter gunship.

Paisley has succeeded in driving her deeper into sentimental Unionism than any British political leader since Bonar Law. What she ought to do and needs to do quickly, if she really wants to promote any harmony in Ireland, is to take the bull by the horns and announce publicly the validity of Social Democratic and Labour Party policy which she has conceded intellectually last summer.

That a way forward is only possible by joint action of the two sovereign governments in London and Dublin. That the Unionists should now be encouraged to contribute to the joint studies of those two governments.

That her personal guarantee is as worthless as any Act of Parliament which can be repealed. That the Unionists' only real guarantee lies in their own present strength in numbers in the short term and their proven capacities in the long term.

Failure to make this public now only postpones the day of reckoning. Paisley will annihilate the official Unionists in the May elections in direct proportion to the number of reassurances Mrs Thatcher gives. It is impossible to reassure Unionists for they are a diminishing minority in Ireland. She will eventually have to concede the SDLP position publicly. The sooner the better. What she did so unequivocally last Thursday was to make certain that when she does, it will sound like another U-turn.

Yours faithfully,
BRIAN FEENEY,
SDLP party executive member,
Vice-chairman,
Belfast district executive.

Morality of Civil Service strike

From Mr John Honeyford
Sir, I knew that Mr Rees-Mogg had left *The Times*, but not that he had been replaced by the ghost of Mr Patrick Moore. It is a pity that the author of today's editorial, "The New Public Morality" (March 10) about the civil servants' strike.

"If the Civil Service wishes to be treated well, let it behave well." If the Government as employer wishes to be treated well, how should it behave? If it is abrogating the pay comparison agreement without having an alternative to offer, the Government, you say, "made a mistake": yesterday your Labour Editor, Mr Roudsedge, less eager to make a one-sided case, used the more forthright words "a serious error of industrial relations judgment."

Neither phrase is exact, in my view. The Government's action, to use moral phraseology, was a sin of commission, not omission. It knew perfectly well what it was up to but thought—and undoubtedly still thinks—that it can get away with it by the stirring up and exploitation of popular prejudice against its own employees.

How then for public morality? Yours faithfully,
JOHN HONEYFORD,
1 Westland Terrace,
North Street,
Cambridge,
March 10.

From Mr J. G. Beevor
Sir, Every major strike, whatever its merits, is open to one unavoidable moral and social objection. It is a device for using force to coerce the community into supporting some increase in wages to a privileged

group, regardless of the justice of their demand. To a major strike does this objection apply as strongly as to a strike by civil servants against their employer, a government which in a democracy was elected to protect the interests of all the inhabitants of the country. They are blatantly using their power to coerce the community into supporting some increase in wages to a privileged group, regardless of the justice of their demand.

Are there not, in every department of state or government institution, enough civil servants of character and integrity who can see the depths of demoralization and disaster into which this new development will inevitably lead us; and who can take effective action to refuse to be used by the state, whether by confused idealists or by the agents of the enemies of the free world? Does not this question demand an answer?

Yours faithfully,
J. G. BEEVOR,
11 Canon Square, SW1,
March 10.

From Dr Patrick Kemp
Sir, The Civil Service claim for comparability in pay seems very reasonable. The majority of senior civil servants are university men, some of them highly qualified as their university degrees were to make them a strong case for bringing their salaries into line with those ruling in universities, thereby reducing public expenditure at a stroke. Yours faithfully,
PATRICK KEMP,
University College London,
Gower Street, WC1.

Judgment on the Budget

From Mr Kenneth Edwards
Sir, Your leader on the Budget (March 11) should be compulsory reading for the Government.

You point your wise finger at the crux of the matter as far as industry is concerned. To curtail public investment because the PSBR (public sector borrowing requirement) has been inflated by dole money and by dear money is a recipe for disaster. . . . a public investment programme would have a net cost far less than the amount committed to it. . . . nor would increased public investment be inflationary. . . . You then follow with the statement that must be acted upon with the utmost urgency: "It is government current spending which is the enemy of revival, not capital spending."

The Government must create the climate industry is urgently awaiting. Your leading article points the way. As an association we had expected, like you, convincing measures to be taken to curtail public expenditure which would provide scope for imaginative investment in public sector capital projects. We were disappointed. Yours faithfully,
KENNETH EDWARDS,
Chief Executive,
British Electrical and Allied Manufacturers' Association,
8 Leicester Street, WC2,
March 11.

From Mr Euan Luard
Sir, Can Sir Kennedy Trevellick (March 7) explain why, if we provide arms for rebels in South Yemen, Ethiopia and Afghanistan as he suggests, we should expect the Soviet Union and Cuba not to send arms to rebels in El Salvador?

Yours, etc.
ALFRED FRIENDLY,
1645 31st Street North West,
Washington DC.

West's global strategy

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Sir, Can Sir Kennedy Trevellick (March 7) explain why, if we provide arms for rebels in South Yemen, Ethiopia and Afghanistan as he suggests, we should expect the Soviet Union and Cuba not to send arms to rebels in El Salvador?

Fees for foreign students

From Sir Eric Norris
Sir, Both as current Chairman of the Royal Commonwealth Society and as a former High Commissioner to Malaysia, I was distressed to see the news, briefly reported in *The Times* of March 9, that the Malaysian Government had decided to stop sending students to Britain because of the increase in fees for foreigners.

The issue of student fees is one on which this society, with other concerned organizations, has been campaigning for over a year, and it was a major preoccupation for the society's late president, Malcolm MacDonald, during the last year of his life. How much more evidence of damage to Britain's relationships and long-term interests will the Department of Education and Science need before it reconsiders its policy? As we have warned repeatedly, this will not be long before the growing trend against British education for Britain's friends becomes virtually irreversible.

Yours faithfully,
ERIC NORRIS, Chairman,
Royal Commonwealth Society,
Northumberland Avenue, WC2,
March 11.

Tunnicliffe collection

From Mr David Burnett
Sir, It may interest your readers to know that the measured drawings of birds which form a major part of the Tunnicliffe collection are to be published by us next year in a single volume. It was Charles Tunnicliffe's wish that we should produce this edition. There will therefore be a permanent record of the collection. We shall also publish this October a further volume of bird studies from the sketchbooks. Yours faithfully,
DAVID BURNETT,
Victor Colman Ltd.,
14 Henrietta Street, WC2.

Echoes of the 'Venice' libel action

From Lord Goodman, CH, and Mr Peter Carter-Ruck

Sir, It is perhaps natural that Mr Levin (March 10) should wish to demonstrate to the new regime that his undoubted genius for scurrilous remains undiminished. In his long piece about the famous "Venice" libel action he attacks with an even-handed impartiality and an equal want of justification almost everyone in the case. Whether they are dead or alive, he attacks the plaintiff's leading counsel (now dead), the defendant's leading counsel (now dead), and all three plaintiffs (all dead), and of course he pays special tribute to the signatories to this letter, who were and are the senior partners in the two firms of solicitors concerned.

In this torrent of invective, Mr Levin unhappily obscures the few really salient facts, which are unusual but very simple. Three gentlemen of public standing believed that they had been accused of being intoxicated in the course of the performance of their duties in a Labour conference in Venice. The allegation appeared in a reputable weekly newspaper. A complaint was made to the newspaper by their solicitors and passed on to the newspaper's solicitors.

Subsequently, the primary issue between the parties, which was conducted with vigour and most certainly at arm's length, was the question of the terms of an apology. This gave rise to a special difficulty to the defendants which was not known to the plaintiffs at the time. The author of the piece, against whom no threat of action was made or subsequent action taken, obviously maintained that his statement was true.

In all the circumstances, therefore, so far as the plaintiffs were concerned, no suggestion was made at any time, either in correspondence or in court, that the allegation was true. At no time in their respective lifetimes did any of the plaintiffs ever suggest to their own lawyers that their own evidence or that of their respective colleagues was untrue.

The suggestion that either side refused either to accept an adequate apology or to proffer an adequate apology in order that the action should be continued is a preposterous one, the untruth of which is wholly demonstrated by the record. Each side sought strenuously to find a formula that would be acceptable to the other and overcome the difficulty. In fact Mr Crossman's memoirs make it clear that he added his own undoubted ingenuity to the exercise.

It is relevant to point out that Mr Levin's statement contains a contradiction. He explains in detail why no proper apology could be offered by the hapless defendants and their advisers while at the same time asserting that such an apology had been refused. The plaintiffs wanted a thorough going apology

for an allegation involving an acceptance by the defendants as clearly meaning that they were drunk.

Although they do not require any defence from us, it is right to put on record the injustice of Mr Levin's attacks on the dead counsel, Mr Gilbert Beyfus, QC, was a counsel of eminence and in justice to him it should be clearly stated (and there is evidence of the highest responsibility on this point) that only of ourselves that he carefully warned the plaintiffs of the great danger to their reputations if they continued with the action and went into the witness box to make assertions that were subsequently disproved. Such warnings were also conveyed to them by all their other legal advisers. In the face of such warnings the three men deliberately decided that they would pursue the action and thereby possibly stake their whole careers on its outcome.

In denigrating the late Fearnley-Whittingstall, QC, who was held in high regard, Mr Levin was no doubt unaware that—unknown to Sir Jan or his solicitors—Mr Fearnley-Whittingstall was suffering from a very serious illness of which he had only been informed a few hours before the start of that trial. In addition, the second signatory does not recollect that any suggestion was made at any time critical of the late Mr Fearnley-Whittingstall's dedication to the difficult circumstances of this case. It is also relevant to point out that however skilled the advocate who was conducting the case, his hands were tied by circumstances over which he had no control. His function was to do nothing that might aggravate the damages.

As for Mr Levin, he is the most famous *Luttrell* of his generation. Taking this charitable view, we believe it possible that he does not understand the implications of what he writes. If when they are explained to him, he is minded to report them, either in your columns or elsewhere, we should make it clear that we should not then be satisfied with writing a letter to deal with this or subsequent statements.

Finally, it may be known to readers of *Richard Crossman's* diaries that the first signatory became a friend of a friend (and he can claim) and trusted adviser. In that capacity he had a unique opportunity of forming a judgment about this immensely talented, quick-witted and at times even great man. But it was clear that he possessed a streak of mischief and irresponsibility—known to all his colleagues—that would make them profoundly mistrustful of any critical judgment about the people with whom he worked or associated. This view will certainly be in mind by those who knew him and read his diaries.

Yours faithfully,
GOODMAN,
Goodman Derrick and Co.,
9-11 Fulwood Place,
Gray's Inn, WC1.

PETER CARTER-RUCK,
Oswald Hickson Collier and Co.,
Essex House,
Essex Street,
Strand, WC2,
March 11.

Electing a Labour leader

From the General Secretary of the Transport and General Workers' Union

Sir, I was concerned to see in *The Times* of March 6 a report by your Labour Editor that the TGWU vote might eventually be cast for a formula giving Labour MP's half the vote in elections for the party leader.

In fact the union's general executive council in session last week decided to accept the decision taken by the Labour Party special conference at Wembley for the 30-30-40 formula.

This despite the defeat of our proposal at the Wembley conference for equal shares for the principal constituent bodies—with 1 per cent for other affiliated organizations. Yours sincerely,
MOSS EVANS,
Transport and General Workers' Union,
Transport House,
Smith Square,
Westminster, SW1,
March 9.

Worlds apart

From Dr I. D. Hill

Sir, You report in *The Times* of March 2 that galaxies have been discovered 10,000 million light years away from us. It is also said that astronomers believe the universe to be 18,000 million years old. The discovery is said to support the Big Bang theory of how the universe began.

However, if the light has taken 10,000 million years, only 8,000 million years remain for these galaxies and ourselves to separate to such a distance, indicating a relative velocity of 11 times the speed of light. To a layman in these matters, this would appear to be conclusive evidence against the Big Bang hypothesis. Can some cosmologist please explain?

Yours faithfully,
I. D. HILL,
Laverton,
Bury Lane,
Chorleywood,
Hertfordshire,
March 5.

True setting for royal ring

From Mr Clive Farnham

Sir, Since the royal wedding is to be held at St Paul's instead of Westminster Abbey because of its few hundred extra seats, it could be from the Palace, and the ease with which it can accommodate television paraphernalia, one wonders whether other ceremonies—traditionally associated with the Abbey will not also be demoted? Where will they hold the next Coronation?

The Wembley Conference Centre has excellent facilities for television. Stonehenge is further from the Palace and both can accommodate more people without the Dean of St Paul's having to share his walls.

Surely there is no doubt that Westminster Abbey, because of its historical and more recent links with royalty and the fabric of our heritage, is the true home of not only a Coronation but surely a wedding of the heir to the Throne.

Yours faithfully,
CLIVE FARNHAM,
Francis Edwards Limited,
83 Marylebone High Street, W1,
March 5.

PRINCE SIHANOUK TO THE RESCUE?

Kampuchea has never evolved a political society. From the French protectorate in the nineteenth century to the restored and liberated monarchy of the nineteenth-fifties, and from there to the American and Vietnamese communist rivalry of the sixties and seventies, the Pol Pot tyranny and, finally, the Vietnamese-sponsored Heng Samrin Government, Khmer nationalism has never acquired a stable focus. There is some hope of putting something together now after the slaughter, the barbed wire, the desecrations of the past two decades? Is there any hope in Prince Sihanouk as a symbol? On this last question heads have been shaken sadly for some years past. Yet the gulf that divides right-wing from left-wing guerrilla movements in opposition to the Government now in Phnom Penh has seemed to need the prince as a leader if any kind of coalition is to be formed.

In which case it is as well that the Khmer Rouge have been told in Prince Sihanouk's home of exile in Poyngang that no government of an independent Kampuchea could entertain the continued existence of Khmer

Rouge guerrillas. On this issue the discussion of a new alliance with Mr Khieu Samphan has broken down. No protestation on the part of the Khmer Rouge that they have disavowed past dogmas, or will readily embrace social democracy and care only for an independent government in Phnom Penh, will convince anybody so long as this largest guerrilla force is not willing to be a purely civil partner in a new government. Equally, Sou Samn's right-wing Khmer People's National Liberation Front will find in this Khmer Rouge intransigence good reason not to pursue any further talk of an alliance.

This deadlock in Poyngang probably ends any hope of a united guerrilla movement in opposition to the Heng Samrin Government. It does not mean that the search for a peaceful compromise in Kampuchea must be abandoned. In the past six months there has been a softening on all sides and it is likely to continue. The Chinese have moved away from their persistent backing of the Pol Pot guerrillas. The ASEAN group know very well that their international case for sustaining the Pol Pot Govern-

ment's legitimacy is growing weaker and may not survive another testing vote at the United Nations. The Thai Government is unhappy at the doubts of their ASEAN colleagues and with the inflexibility of their Chinese friends. Nor least the Vietnamese are near enough to the brink of economic disaster to be open to any solution that would relieve them of the burden of keeping 200,000 troops in Kampuchea.

If such shifts of opinion mean an opening for a Kampuchean rather than a Sino-Vietnamese/ASEAN compromise so much the better. The political colour of a future government in Phnom Penh is almost meaningless after what has happened. Even the leaning of such a government to the Chinese or the Vietnamese side ought not to be dictated by Peking or Hanoi and cannot be in the long run. In Khmer politics, either side of the fence could shape their own alliance a government might result that could banish guerrillas of any kind from its territory. But that would mean Mr Khieu Samphan and any other disillusioned Marxists in the ranks of the Khmer Rouge forsaking the power of the gun.

Sanctions on South Africa

From Mr John Carlisle, MP for Luton, West (Conservative)

Sir, Nicholas Ashford (report, March 2) is right to assert that much of black Africa is openly trading in South African goods, and indeed is being kept alive by South African maize. Do not these facts therefore point to the absolute folly of any intended sanctions?

South Africa is short of but one essential commodity, oil, and obviously a severance of supply could have some effect upon its economy. Such an energy source can be obtained from maize, and the imposition of sanctions could lead to a halt on all maize exports.

Consider then the position of the United Nations resolution to bring pressure to a settlement of Namibia, yet risking starvation if a vital food supply line is cut. Certainly the needs of hungry mouths would seem to outweigh a high moral principle. British experience in Rhodesia should indicate that economic sanctions rarely work, and they often impose great hardship on those who invoke them.

The United Nations would do better to concentrate its efforts on seeking South African cooperation than mounting a vindictive campaign that is bound to end in disaster. Yours faithfully,
JOHN CARLISLE,
House of Commons.

Surrender in Singapore

From the Headmaster of Charterhouse

Sir, The "London Diary" today (March 10) makes reference to the fact that the Union Jack which was carried at the surrender of Singapore to the Japanese now rests in Charterhouse Memorial Chapel.

Paying the piper

From Mr Alfred Friendly

Sir, The British press has been wallowing for some weeks in a premise which, so far unchallenged, seems taken as given: newspaper proprietors are by definition wicked hearts and must not be allowed to prosper by so much as a ray of light from their own views on public affairs.

Yet if, as all dedicated journalists believe, a newspaper is in a quite different class, in terms of its mission and responsibility to society, from the usual profit-oriented business, then its owner must share in that conviction. Otherwise, he would be operating a more prospectively profitable enterprise. He must have some thoughts to

ACCOUNT DAYS: Dealings Began, March 2 Dealings End, March 13. § Contango Day, March 16. Settlement Day, March 23

[illegible]

THE TIMES

BUSINESS NEWS

More than
builders
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4444E

Will the new
spending
controls work?
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Stock markets
FT Index 470 down 14.3
FT Gilts 69.49 up 0.74

Sterling
\$ 2.2180 down 1 cent
Index 99.3 down 0.3

Dollar
Index 100.1 up 0.5
DM 2.1207 up 157 pts

Gold
\$ 472.75 down \$12.75

Money
3 month sterling 13-12 1/2
3 month Euro \$15 1/4-15 1/2
6 month Euro \$15 1/4-15 1/2

Commodity traders accused of collusion

The United Nations Conference on Trade and Development (Unctad) has accused the large transnational trading companies of collusion in commodity markets.

It has published a study of how the commodity markets are influenced by the "oligopolies" as part of its investigation into the economic role of the transnational corporations.

The report, entitled "Fibres and Textiles: dimensions of corporate marketing structures", takes cotton as a typical example and says that 15 large multi-commodity companies, including five Japanese general trading companies (Sogo, Shohai, Daiwa, Tokai, Sanwa) control between 85 and 90 per cent of world traded cotton, a share approximated in most primary commodity markets.

Despite competition in certain spheres, there is a high level of collusion, seem most graphically in the demarcation of geographical spheres of influence. In all cases except the United States, between three and five giant traders dominate the cotton export business.

£300m Linwood 'loss'

Closure of the Talbot car plant at Linwood near Glasgow would cost Peugeot, the French owner, nothing but would mean a £300m loss for the British Government, shop stewards at the plant alleged in a document presenting a case for keeping Linwood open.

Hermes taken over

Olivetti, the electronics and office equipment group, is taking a controlling share in Hermes Precis, International of Switzerland. Hermes will continue to operate independently under its own management but will collaborate with Olivetti in research and production of electronic typewriters and office automation equipment.

Rolls anniversary

The 75th anniversary of the foundation of Rolls-Royce by Henry Royce and Charles Rolls who formed the company to produce their 10 horsepower car, will take place on March 15.

Readicut expansion

Plasticisers, of Drighlington, Bradford, part of the Readicut International Group, has announced a £2m expansion programme the bulk of which will be spent on increasing output of polypropylene yarns.

Lloyd's petition

Rebel underwriting members of Lloyd's last night won a crucial round in their fight to force major changes to the controversial bill designed to improve the insurance market's self-regulation. They are to support a petition against the bill.

£100m Peru Euroloan

Peru is to raise two \$100m (£45m) 10-year Eurocredits after its decision to repay the £300m it owes to commercial banks.

Wall St lower

The Dow Jones industrial average closed 4.99 points down to 857.5. The S&P 500 was 12.201. The £ was 0.552387.

High street banks cut base rates to 12 per cent in line with MLR

By Roman Eisenstein
Banking Correspondent

Cheaper overdrafts were announced yesterday as most banks cut their interest rates, after the cut in minimum lending rate. The banks generally have cut their base rates by 2 percentage points to 12 per cent but have widened the margin between base and deposit rates.

Before the Budget the margin between the base rate and the seven-day deposit rate was generally 2 1/2 per cent. The base rate for the leading banks was 14 per cent and interest paid on deposits was 11 1/2 per cent. Yesterday most deposit rates fell to 9 1/2 per cent.

The banks are therefore not passing on to their depositors the full benefits of the fall in interest rates. This is a usual response when interest rates are falling and squeezing their profitability. In the last business cycle, when interest rates had reached their low, the margin between base and deposit rates was as much as 4 points.

The cut in interest rates is good news for hard-pressed industrial borrowers. A large, well-established company normally pays about 1 per cent above base rate, so instead of paying 15 per cent on overdrafts such a company will now pay 13 per cent. But bank managers may now take a more sanguine view of the ability of new personal borrowers to pay the new rates.

A manager could, at his discretion, decide to charge an individual 16 per cent, or four points over the new base rate, rather than, say, 17 per cent previously, only three points above the old base rate.

Barclays and Nat West reduced their rates immediately after the Budget from the close of business last night. As well as reducing their base rate, all major banks are coming down. Thus Barclays loans are coming down from 21 1/2 per cent to 18 1/2 per cent. More interesting is that Barclays mortgage rates, and eventually those of the other banks, are to come down by 1 percentage point from April 1.

Other leading banks also announced a fall in their base rates yesterday. Lloyds and Midland have reduced their base rates to 12 per cent. Standard & Chartered has brought its rate down to 12 per cent. But some of the smaller British banks, which traditionally keep their base rates 1 to 1 point above the rates of the big banks, have reduced their base to only 13 per cent.

Access Credit card terms have remained unchanged at 2 per cent a month. They were adjusted to that level last November. Barclaycard has moved its own rate in line from 2 1/2 to 2 per cent a month.

The gilt-edged market gave Sir Geoffrey Howe's third Budget an enthusiastic reception yesterday and government stocks scored gains of up to £1.50. But shares were hard hit by the deflationary implications of the Chancellor's proposals and a profit setback at Tube Investments.

The 30 share index closed 14.3 points down at 470.0. In foreign exchange markets sterling was little affected by the two-point cut in MLR, which had been widely discounted. Above \$2.23, the pound closed 1 cent down against the dollar at \$2.2180. Its trade weighted index eased 0.3 to 99.3.

By far the most rapturous response to the Chancellor was seen in the gilt-edged market. Investors rushed to buy remaining issues of the long term stock, Exchequer 12 1/2 per cent 1999 "B". Up to £75m of stock may have been left in the government broker's hands but investors were still kept down to 25 per cent of their applications.

Later in the day the authorities moved quickly to bring out a new stock to prevent the market moving ahead too fast. The new stock is a £1,000m issue of Exchequer 12 1/2 per cent 1990. It will be run as a tap stock from today at a minimum price of 95 pence.

The stock is being issued to partly-paid form: £25 per cent on application, £25 per cent on April 31, and the balance on May 15. At the minimum price of 95, the gross redemption yield is 13.49 per cent.

Partly as a result of heavy gilt sales, and partly as a result of fresh tax payments, money markets were extremely tight yesterday and the Bank of England announced that from this morning the minimum reserve asset ratio for banks would again be cut from 10 to 8 per cent. This arrangement will last until April 30, though it was stressed that this should not be taken as an indication as to the likely date for phasing out of the present reserve asset system.

The day following a Budget was hardly propitious for a leading industrial company to announce a collapse in profits

and a reduced dividend. Any sparks of resistance which had initially been shown by equities to disappointment over the Budget were quickly dispelled by the results from Tube Investments.

Tube slumped 34p to 178p and Guest, Keen & Neill fell 14p to 132p. ICI followed with a 16p fall to 235p.

The prospect of a reduction in real incomes fell heavily on stores where share prices were in steady decline through the day. The fear of a continued slump in consumer spending took 20p from GUS at 443p, saw Boots lower by 2p at 219p, and British Home Stores down 12p to 141p.

The falls spread into breweries and tobacco where losses reflected general dissatisfaction with revenue increases. Together with the duties, the breweries will have to force through even higher prices on account of increased delivery costs from petrol rises. Bass fell 7p to 201p. Whitbread was down 7p to 140p and Greene King dropped to 238p.

Bank shares showed mixed reactions. Barclays recovered slightly to put on 1p at 385p. National Westminster were down 7p to 345p and Midland fell 6p to 311p.

Home loan rates: Building society leaders met yesterday to discuss the implications of the 2-point cut in MLR and the lowering of the age limit for "granny" loans.

Both changes were widely anticipated so it is an almost foregone conclusion that pre-Budget forecasts of a single-point cut in the mortgage rate from 14 per cent to 13 per cent will materialize when the societies discuss rate changes today and tomorrow.

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All-out political campaign by clearers to prevent any further profits curb by Chancellor Banks to lobby MPs against windfall tax

By Roman Eisenstein
Banking Correspondent

This week's Budget brought to an end a long bout of shadow boxing between the Government and clearing banks.

Rumour and "leaks" had alternately made the windfall profits tax more and less likely. Meanwhile, the banks had reluctantly accepted a measure to help small businesses which they regarded as unnecessary and ill-conceived.

The two were inextricably interlinked. On the one hand the Government wanted its £400m from the banks' large and politically embarrassing profits. On the other, it wanted to cajole the clearers into co-operating on a competitive loan guarantee scheme for small businesses. The latter may involve only £150m over three years, but the banks know they could easily snowball beyond those limits as it has done in other countries.

Clearing banks are to launch an all-out political campaign against the tax. Although they have no illusions about their ability to get Parliament to change the Finance Bill in their favour, their priority, as one banker put it, is to make sure "it never happens again".

The banks will be canvassing MPs and other decision makers and their campaign will be two-pronged. They will insist that the tax is completely unjustified and that over a full five-year banking business cycle their profits are not excessive. They will also make it clear that the tax is lopping off between 5 and 6 per cent of their capital base and will directly affect their ability to lend.

The bankers must be kicking themselves for not accepting an earlier government offer which would have cost them some £150m this year. That offer was tied to interest subsidy payments for British exporters.

Last year the Treasury approached the clearing banks to see whether they would be prepared to pay part of the interest subsidy payments on exports financed through the Export Credits Guarantee Department. The initial approach was made through executives responsible for exports at the banks, but quickly

escalated to clearing banks' chairmen.

Matters came to a head in January when Sir Geoffrey Howe made formal proposals to Sir Jeremy Morse, as chairman of the Committee of London Clearing Banks. The Treasury was suggesting that the banks should pay up to two thirds of interest subsidies on export lending of about £1,400m.

One or two of the chairmen thought that they had a fiduciary duty to their shareholders and could not part with £150m voluntarily. If the Government wanted to raise such a large sum it would have to legislate, they said.

On February 21, Sir Jeremy Morse, announcing the Lloyds 1980 results said "we are opposed to an overt tax and we are even more opposed to a covert tax".

The £150m to be raised would not necessarily have been a permanent tax since it would have automatically expired



Sir Jeremy Morse

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The £150m to be raised would not necessarily have been a permanent tax since it would have automatically expired

when the credits were eventually repaid. But, moral issues apart, the banks felt that the scheme would have created a precedent and would have been difficult to unwind.

Towards the end of January Sir Jeremy wrote to the Chancellor on behalf of the banks and said they could not accept the export credits deal. The banks instead suggested that they take on their books the £1,400m export credits from the ECED. The effect would have been to reduce by some £1,300m the public sector borrowing requirement and this would have come from the Government's budget burdens.

The trouble with this offer was that it would only have had a "once and for all" effect. The PSBR would have risen again as the credits came up for repayment.

At the end of February in a frosty letter, the Chancellor thanked the banks for their

Continued on page 22 col 2

More big companies cut their dividends

By Our Financial Staff

Two more leading British industrial companies, Tube Investments and Turner & Newall, were added to the dividend casualty list yesterday.

Both made substantial cuts in the amount they are paying to shareholders. Tube Investments' industrial business, Imperial Chemical Industries, did two weeks ago.

Along with ICI and most other industrial companies, TI and Turner & Newall reported sharply reduced profits and split out the cost in terms of loss of jobs.

None of these companies is predicting improvement in the short term, particularly after the Budget.

In his annual statement to-day Sir Maurice Hodgson, chairman of ICI, says: "Although we cannot expect conditions in 1981 to be less difficult than in 1980, the actions we are now taking will increase the underlying strength of the business and put us in the best position to benefit from economic recovery".

ICI, one of the country's largest engineering and consumer products companies, made profits of only £2.5m in the second half of 1980 because of the deepening recession. This left the year's pre-tax profit down from £52.2m to £26.7m and the group has had to bear heavy closure and redundancy costs.

Sir Brian Kellest, chairman, described 1980 as "the most difficult year any of us have known". The group has made or announced 8,000 redundancies and at present a third of the 45,000 United Kingdom workforce is on short time.

The cost of TI's closures and layoffs was £25.4m and after providing for this and the cost of a reduced dividend, the group showed a net loss for 1980 of £27.6m compared with an £18m profit the previous year.

TI said that the decision to reduce the final dividend from 13.6p gross to 3.57p was taken at an initial 18-month period for the duty is seen as a compromise.

The companies will make further submissions that they are being overtaxed. Shell UK, it said, the new tax will inhibit development of the country's oil and gas reserves.

Hoare Govett, stockbrokers, yesterday estimated that the new duty would reduce asset values of fields by 10 per cent, while changes announced to petroleum revenue tax could further cut field values by another 20 per cent. Other commentators, however, dispute this.

The operators' main aim in putting new proposals for a reform of the North Sea tax system is to bring stability and prevent the repetition of the frequent changes which have characterized the North Sea fiscal regime as oil prices have risen.

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Reagan compromise over cuts

From Frank Vogl

Washington, March 11.—Mr Donald Reagan, the United States Secretary of the Treasury, predicted today that Congress would approve more than 90 per cent of public spending cuts totalling more than \$50,000m (£22,522m) as proposed by President Reagan.

Congress members say they are receiving an enormous amount of mail calling for action in support of President Reagan's Budget cuts. However, it still seems unlikely that Congress will indeed approve even two thirds of the requested reductions.

Mr David Stockman, the director of the Office of Management and Budget, noted that President Reagan accepted the possibility of compromises, but he would be prepared to "hang tough to support very firmly the package and do whatever is necessary".

Mr Stockman pointed out that over the next five years the Reagan Administration envisaged spending cuts totalling \$500,000m. He said that the proposals made to Congress so far would, over time, produce about three quarters of the necessary savings for the 1981 to 1986 period.

The main point, he said, was that the new proposals dealt directly with many areas long thought to be too precious for Congress to touch, ranging from child nutrition to education.

The budget director told a press briefing that "the whole programme is designed to bring interest rates down steadily over the next two to three years". Swift enactment of the new Budget will create two million more jobs by the end of next year, he added.

About the decision to cut \$700m of government energy conservation programmes (funding, Mr Stockman said, that the Administration took the view that oil price decontrol was a better way of producing conservation. He added that there were already assorted tax incentives to companies to become more energy efficient. He also pointed out that nuclear power funding was being increased.

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Mr Stockman's red pencil, page 23

Oil groups seek N Sea tax reforms

By Nicholas Hirst

Oil companies are to take advantage of Sir Geoffrey Howe's offer of further talks on reforming the North Sea tax system.

The Budget has reduced their cash flows by £1,000m this year in new payments through a supplementary petroleum duty fixed at 20 per cent of offshore revenues.

Representatives of the companies' trade group, the United Kingdom Offshore Operators Association, decided yesterday to prepare new proposals for amending the tax regime for submission to the Chancellor.

The supplementary petroleum duty has been introduced initially for an 18-month period to June, 1982, to take account of the companies' wish to reform the system.

So worried have the companies been by the imposition of a third tier of taxation on North Sea revenues on top of corporation and petroleum revenue taxes—in addition to a 12 1/2 per cent royalty payment—that they offered to advance the £1,000m to the Chancellor if he would agree to look for other long-term methods of raising the money.

Sir Geoffrey was not prepared to do this, but the fixing of an initial 18-month period for the duty is seen as a compromise.

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Eurodollar loan to be repaid this year

By Frances Williams

The Government is to repay the whole of the £2,500m Eurodollar loan raised in 1974 ahead of schedule in the coming year, as part of its policy to reduce official indebtedness.

This and other scheduled loan repayments will reduce the official debt outstanding by the end of 1981 to around \$14,000m from more than \$22,000m when the Government took office.

The announcement was made during yesterday's Budget debate by Mr Nigel Lawson, Financial Secretary to the Treasury. He also announced that the Government would cease to provide exchange risk cover for public authorities borrowing from abroad, except from EEC institutions.

The first repayment of the £2,500m Eurodollar loan, for \$625m, will be made in May. It follows the early repayment by the Government last year of its \$1,500m Eurodollar loan raised in 1977. Repayments are made out of the official reserves and do not affect the exchange rate or the domestic money supply.

The exchange cover scheme for public authorities was introduced in 1969 as a means of boosting the reserves, under which the foreign currency borrowed was surrendered to the Exchequer in return for sterling.

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PRICE CHANGES

| Rises | Falls |
|-------------------------|---------------------------|
| Acrow 5p to 55p | ICI 16p to 235p |
| Barrett Dens 5p to 159p | Metal Box 16p to 169p |
| Cellulose W 5p to 148p | Port Invest 34p to 175p |
| Downall G.H. 5p to 123p | SA Land 17p to 242p |
| Highland 4p to 93p | Western Areas 19p to 240p |

| F.P. | Bank | Bank |
|------------------------------|----------------------|--------|
| Cens Gold Fields 15p to 338p | Norway Kr 12.50 | 11.85 |
| Electrocomp 20p to 625p | Portugal Esc 126.00 | 120.00 |
| GE 11.30 | South Africa Rd 2.00 | 1.85 |
| Gl Univ Stores 2.1p to 44.5p | Spain Ptas 194.00 | 185.00 |
| | Sweden Kr 10.69 | 10.14 |
| | Switzerland Fr 4.43 | 4.20 |
| | USA \$ 2.27 | 2.29 |
| | Yugoslavia Dnr 79.50 | 74.00 |

THE POUND

| Bank | Bank |
|----------------------|--------|
| Australia \$ 1.88 | 1.85 |
| Austria Sch 35.75 | 35.75 |
| Belgium Fr 82.50 | 78.60 |
| Canada \$ 2.71 | 2.62 |
| Denmark Kr 15.34 | 14.34 |
| Finland Mk 9.45 | 9.35 |
| France F 11.39 | 10.59 |
| Germany Dm 4.86 | 4.62 |
| Greece Dr 115.59 | 109.59 |
| Hong Kong \$ 12.23 | 11.94 |
| India Ru 237.00 | 226.00 |
| Italy Lit 486.00 | 460.00 |
| Japan Yen 237.00 | 226.00 |
| Netherlands Gld 5.36 | 5.10 |

Manufacturers box clever over duty increase

Match makers cast light on tax

That most perversity of consumer, the person who counts every match in the box to make sure each promised one is there, is in for a confusing time during the next few weeks, and the Chancellor of the Exchequer will take the blame.

Bryant & May, which makes Captain Webb, Puck and Swan Vesta, has been doing some tricky sums to try to meet the duty rises ordered in the Budget.

It is Britain's only matchmaker, with 57 per cent of the £62m domestic market and has decided that its standard box will go up by one penny but contain five more matches.

J. John Masters, the second largest in the field which imports all its product from Sweden, has decided to do the same. But the Cornish Match Company, another leading importer which, though based in Penzance, never touches a match which has been made nearer to Cornwall than Finland, is keeping its plans private for the moment. A price rise and variations in the number of matches in a box are likely, however.

All of this must come as some surprise to Sir Geoffrey Howe who said in his Budget speech that the increase on the standard box would be only a halfpenny.

Mr Mike Wells, marketing manager for Bryant & May said: "He has actually missed a vital point. Because duty is charged on us when the goods are taken out of the warehouse, the halfpenny increase does not

take into account the retail trade margin".



Clydesdale Bank

BASE RATE

Clydesdale Bank Limited announces that with effect from 12th March, 1981 its Base Rate for lending is being reduced from 14% to 12% per annum

The Times

SPECIAL REPORTS

put situations and subjects of today into



Lloyds Bank Interest Rates

Lloyds Bank Limited has reduced its Base Rate from 14% to 12% p.a. with effect from Wednesday, 11th March 1981.

The rate of interest on 7-day-notice Deposit Accounts and Savings Bank Accounts is reduced from 11½% to 9% p.a. The rate of interest paid on credit balances on Cashflow Accounts is reduced from 10% to 8% p.a. The change in Base Rate and Deposit Account interest will also be applied from the same date by the United Kingdom branches of

Lloyds Bank International Limited
The National Bank of New Zealand Limited
and by Lewis's Bank Limited

Lloyds Bank Limited, 15, Abchurch Lane, London EC4N 3JF.



Lloyds Bank

Lower interest rates mean more help for business

Lloyds Bank has a special commitment to helping businessmen. And the fall in interest rates mean it's a good time to come to us to talk business. We want to encourage growth and enterprise and, now the cost of borrowing is lower, we can help you plan ahead. We've a range of loan schemes to fit any stage of company growth.

If you're expanding a business, or just having to meet increasing running costs, your nearest Lloyds Bank manager is ready with help and advice.

Lloyds Bank Limited, 15, Abchurch Lane, London EC4N 3JF.

Top forecasters condemn Budget

By Our Economics Staff

Leading economic forecasters almost unanimously condemned the Budget as likely to cut output, raise unemployment and boost inflation.

Most forecasters now expect that the recession will go on through most of 1981 instead of touching the bottom in the early part of this year as they had previously hoped.

But forecasters sympathetic to the Government's approach said that the Budget would improve the medium-term outlook for inflation and one of them said that the impact on output would be small and inflation prospects would

improve. Mr Frank Blackaby of the National Institute of Economic and Social Research described the Budget as "extraordinary".

Mr Gavin Davies, of stockbrokers Phillips and Drew said the strategy was "foolhardy" and that it was likely to raise unemployment. The Economist Intelligence Unit, which uses the Treasury's own model, described the Budget as "the last fling of monetarism". It questioned the Government's suggestions that the economy would revive in 1982 through increased consumer confidence. It said that only public spending, which is thought likely to exceed the Government's target, will prevent the economy fall-

ing sharply. Output will not bottom until the winter of 1981.

The National Institute predicted that output was unlikely to revive in the period ahead. Mr Terry Ward, of the Cambridge Economic Policy Group, predicted that the Budget would force output down to 2 per cent lower than it otherwise would have been.

Stockbroker James Capel forecast that output would fall by 3 per cent and unemployment would be 250,000 higher. Expectation of a turnaround in the first half of 1982 was "wholly unrealistic". Phillips and Drew estimate that output would be 13 per cent lower as a result of the

Budget measures but added that there could be a much sharper fall. The CBI estimated that the Government's economic forecast was over optimistic.

The only consolation for the Chancellor came from the endorsement by the London Business School, which expected that a short-term loss of 1 per cent in output would lead in time to lower inflation. Dr Alan Budd of the business school said he was "cautiously optimistic" about economic prospects. Professor Patrick Minford of Liverpool University said that he expected 5 per cent inflation by 1982 and was more optimistic than the Treasury about output.

FORECASTS FOR THE BRITISH ECONOMY IN 1981

| | NIESR (FEB) | LBS (FEB) | HG (Budget) | Year 1981 on Year 1980 (MAR) | CEI (Budget) | PSD (Budget) | OECD (DEC) | ITEM (JAN) | CBI (NOV) | TREASURY (Budget) |
|---|--|-----------|-------------|------------------------------|--------------|--------------|------------|------------|-----------|-------------------|
| | (% change between years unless otherwise stated) | | | | | | | | | |
| Gross domestic product (%) | -1.3 | -1.2 | 0.8 | -1.8 | -2.5 | -3.5 | -2 | -3.7 | -2.4 | -2 |
| Inflation (%) | 9.6(2) | 10.6 | 10.1 | 12.4 | 12.4 | 11.2 | 12 | 13.7 | 11.3 | 10(2) |
| Unemployment (000s) | 2,670 | 2,415 | 2,600 | 2,550 | 2,500 | 2,680 | 2,883 | 2,632 | 2,500 | 2,500 |
| Consumer spending | 1.0 | 0.2 | 1.1 | -2.8 | -0.9 | -1.2 | -0.5 | -1.6 | -0.8 | -1 |
| Private inv. inc. housebuilding | -8.7 | -5.5 | -3.0 | -8.6(4) | -5.7 | -5.1 | -8.5 | -8.7 | -9.1 | -1.5(4) |
| Public inv. inc. housebuilding | -8.6 | -5.9 | -6.5 | -7.1(5) | -5.0 | -11.0 | -9.3 | -5.4 | -7.4 | -23(5) |
| Public auth. consumption | -1.0 | -0.4 | 0.8 | -0.8 | 1.3 | -1.3 | -0.5 | -2.5 | -2.5 | 1 |
| Stockbuilding (£m 1975) | -2,000 | -1,784 | -500 | 1,700 | -1,200 | -986 | 500 | -1,484 | -400 | -2,100 |
| Exports | -1.7 | -1.7 | -1.7 | -4.0 | -4.0 | -4.0 | 3 | -5.4 | -5.4 | -5.5 |
| Imports | -2.2 | -3.0 | -2.7 | -2.8 | -2.8 | 2.3 | -1.25 | -2.8 | -3.9 | -2.5 |
| Balance on current account, 1981, £m | 5,100 | 3,026 | 4,960 | 1,030 | 3,200 | 3,000 | 1,800 | 2,337 | -500 | 1,500 |
| PSBR (£m fiscal 1981-82) | 12,000 | 12,135 | 11,000 | 8,970 | 10,100 | 10,500 | n.a. | 10,930 | 10,000 | 10,500 |
| Money supply (% change in £m3 fiscal 1981-82) | 10 | 10.7 | 9 | 10.9 | 13.1 | 8 | n.a. | 9.6 | 9 | 8 |

NIESR: National Institute of Economic and Social Research; LBS: London Business School; HG: Hoare Govett; CE: Cambridge Econometrics; CEI: Economist Intelligence Unit; P & D: Phillips & Drew; OECD: Organisation for Economic Cooperation and Development; ITEM: Independent Treasury Economic Model Club, published in The Guardian; CBI: Confederation of British Industry.

1: Consumer price index except HG and Treasury where retail price index is used. 2: Fourth quarter 1981 on fourth quarter 1980. 3: Average for adults in United Kingdom during year, except NIESR which is for GB in fourth quarter 1981. LBS which is for GB; CE which includes school leavers and is estimated from published figures; CBI which is for fourth quarter 1981; Treasury, which is average for fiscal 1981-82. 4: Including investment by public corporations. 5: General government investment. 6: Output measure except HG which is expenditure measure; Treasury and OECD which are compromise measures.

The private forecasts assume policy changes. For details readers should refer to original sources. Categories in different forecasts are not completely comparable, but differences are minor. Differences in result also reflect differences in assumption, model constructions and date at which work performed. The month in which work was published is given in brackets. Forecasts, published by the Treasury and OECD twice-yearly; CEPG once a year; NIESR, CEI, ITEM and CBI four times a year; LBS and CE three times a year; HG and P & D revise their forecasts every month.

Pactel to lead PAYE transfer to computers

By Kenneth Owen Technology Editor

The Inland Revenue has chosen Pactel, the computer consultancy arm of the PA International group, to lead the project control and coordination group who will monitor the computerization of the national Pay As You Earn (PAYE) income-tax system.

When fully implemented, the scheme will involve 47 large computers in 12 regional centres and about 20,000 computer terminals in almost 600 local PAYE offices. Last November ICL was chosen to supply the regional-centre computers; the suppliers of the terminals and other hardware and services have yet to be identified.

Mr Bruce Graham, a principal consultant with Pactel, will head the project-control group, reporting on day-to-day matters to Mr Steve Matheson, the Inland Revenue's PAYE project manager. Two other Pactel consultants will also join the group, together with Inland Revenue staff.

Members of this team will themselves use a computer-based project-control system to

ensure that the PAYE computerization goes ahead as planned. This system will include a British software package known as Artemis, much used in the oil industry, which was developed by Metier Management Systems.

West Midlands will be the first PAYE region to be computerized. Initially about 14 local offices will be connected to the processing centre while the system is tested and if necessary modified. Then the remainder of this region will be connected, followed by the remaining ones. If all goes well, all 12 regions should be converted by about 1988.

The centres themselves are expected to be linked directly together in a second phase later.

A top-level steering group for the project is being set up by the Inland Revenue. Mr Holman Hunt, Pactel managing director, will serve as a member of this group and will take overall responsibility for Pactel's share of the work.

Telford, Shropshire, the site of the West Midlands regional centre, will also be the national development centre for the PAYE project. At present the project teams are working in London; they are expected to move to Telford in July.

A further outside contract is about to be signed by the Inland Revenue for the PAYE project. This will be for the provision of technical support in writing computer programs and other work.

| | | | | | |
|---------------|----------------|---------------|---------|-------------------|--------------|
| Raleigh | Silencers | Creda | Archer | British Aluminium | New World |
| Reynolds | Parkray | Weldless | | Glow-Worm | Chesterfield |
| Russell Hobbs | Tubes | Crane Packing | | Drynamels | Cox |
| Churchill | Flexible Tubes | Accles | Pollock | Tower Housewares | Fords |



1980

TI conserves cash as a safeguard in recession and a springboard for the future

Sir Brian Kellett, Chairman of TI, in a press interview yesterday announced Group results for 1980, and said that, in the face of the fiercest recession for 50 years, TI had had to close some factories and had made cost savings in all its businesses. Successful cash control had preserved the scope for positive moves for the future at the right time.

Results At the beginning of 1980 industry was looking for early relief from the pressures of high interest rates and the strength of sterling. In the event, 1980 saw higher average levels of interest rates than ever before while, partly as a result of this, sterling continued to appreciate against the trend of UK inflation relative to the majority of competitor nations. In addition to this, it became apparent once the steel strike in the early part of the year was over that the country was falling rapidly into deeper recession.

All these factors combined to put extreme pressure both on profit margins and on the volume of activity. In the face of these pressures, to have tried to maintain capacity and manning levels in the hope of an eventual return to more normal conditions would have led to heavy losses and to insupportable cash drains. Regrettably, therefore, costs and capacity had to be cut. Enforced redundancies were unavoidable and distressingly the numbers were substantial. Redundancy and closure costs provided in the year, involving some 5000 people in 1980 and a further 3000 in the early part of 1981, already announced, totalled £25.4m and in view of the underlying reasons for their occurrence they have been treated as extraordinary items.

| Consolidated profit and loss account year ended 31st December 1980 | 1980 £m | 1979 £m |
|--|---------|---------|
| External sales | 1,158.2 | 1,213.8 |
| Trading profit | 53.0 | 73.5 |
| Proportion of (losses)/profits of associated companies | (1.5) | 1.8 |
| | 51.5 | 75.3 |
| Bank and loan interest payable | (24.8) | (23.1) |
| Profit before taxation | 26.7 | 52.2 |
| Taxation | (10.3) | (12.3) |
| | 16.4 | 39.9 |
| Minority interests | (5.4) | (8.3) |
| Earnings | 11.0 | 31.6 |
| Extraordinary items | (29.7) | 1.5 |
| | (18.7) | 33.1 |
| Dividends | (8.9) | (15.1) |
| Balance for the year | (27.6) | 18.0 |
| Earnings per £1 ordinary stock | 18.5p | 53.3p |

Trading profit fell from £73.5m to £53.0m. Interest charges rose from £23.1m to £24.8m. Average borrowings were lower than in the previous year but the Group's variable rate borrowings were influenced by the unprecedentedly high average level of interest rates during the year. Profit before tax was £26.7m compared with £52.2m in 1979. After deducting minority interests, earnings for the year before extraordinary items were £11.0m compared with £31.6m.

Cash Control During the year, great emphasis was placed on the conservation of cash through the rigorous control of working capital levels and withdrawal from inadequately profitable marginal areas of business. Despite the heavily depressed level of profits there was a net cash inflow in the year of £23.1m. This was made up of an outflow of £10.3m in British Aluminium, largely as a result of the high level of capital expenditure on the Lochaber smelter modernisation, and an inflow of £13.4m in the remainder of the Group.

Capital Expenditure Capital expenditure rose from £48m to £54.4m, including the Lochaber expenditure, which reflected the Group's policy of continuing to invest in schemes to enhance competitiveness in those areas of the Group where it is strategically desirable to concentrate resources.

Dividend In the light of the impact on the Group results of economic conditions in 1980 the Board has had to consider the level it recommends for the final dividend

| Results by Business Area | External sales | Trading profit |
|----------------------------------|----------------|----------------|
| | 1980 £m | 1979 £m |
| Steel tube | 304.4 | 314.1 |
| Aluminium | 291.5 | 288.4 |
| Specialised engineering products | 177.0 | 243.3 |
| Domestic appliances | 216.4 | 208.4 |
| Cycles and toys | 168.4 | 157.1 |
| Parent and other companies | 2.5 | 2.5 |
| | 1,158.2 | 1,213.8 |
| | 53.0 | 73.5 |

The Annual Report will be posted to Shareholders on April 9, 1981. Further copies will be available from The Secretary, Tube Investments Limited, TI House, Five Ways, Birmingham B16 5SQ.



for the year taking account of the interim dividend already paid. In deciding to pay an interim dividend of 12.5p per £1 ordinary stock the Board took account of profits earned in the first half-year and expectations at that time for the second half. In the event the trading position and prospect deteriorated further in the second half and only small profits were earned in that period.

It is difficult to judge the duration of present conditions. There has been some modest relief recently of the pressure from high interest rates and an overvalued pound. On the other hand, assuming TI's own reduction in capacity and numbers employed may be typical of the manufacturing sector, it must be some time yet before the downward economic momentum can be halted and reversed. There is no evidence yet of substantial recovery in the volume of business, which would have to show through soon if it were to have much impact on 1981.

In these circumstances the Board have thought it right to reduce the total annual dividend to a new lower base, with the expectation of moving forward again as profits recover.

Accordingly the Board recommends a final dividend of 2.5p per £1 ordinary stock payable on 12 May 1981 to ordinary stockholders registered on the books of the Company at the close of business on 9 April 1981.

This dividend together with the interim dividend of 12.5p per £1 ordinary stock paid on 10 October 1980 makes a total distribution for the year of 15.0p compared with 25.5p per £1 ordinary stock for the year ended 31st December 1979.

| Consolidated balance sheet 31st December 1980 | 1980 £m | 1979 £m |
|---|---------|---------|
| Net assets employed | | |
| Fixed assets | 247.3 | 227.4 |
| Deferred revenue expenditure, net | 4.1 | 2.9 |
| Investments | 17.5 | 34.1 |
| Current assets | 537.2 | 589.9 |
| | 806.3 | 854.3 |
| Deduct: current liabilities | 278.8 | 299.9 |
| | 527.4 | 554.4 |
| Financed by | | |
| Issued capital | 59.3 | 59.3 |
| Reserves | 278.7 | 308.4 |
| TI stockholders' funds | 338.0 | 367.7 |
| Interests of minority shareholders | 61.0 | 59.6 |
| Total shareholders' funds | 399.0 | 427.3 |
| Loans | 96.5 | 100.5 |
| Deferred liabilities and credits | 21.9 | 26.6 |
| | 527.4 | 554.4 |



£180m Japan deal for TV plant in East Berlin

A \$400m (£180m) contract for a television tube plant to be set up in East Berlin by two Japanese companies, Toshiba (Electronics) and Neg (Glass), is expected to be signed at the Leipzig Fair next week.

The deal, announced two weeks ago in Tokyo, is part of an East German move to boost trade during 1981-85 with Japan, France, Italy and Austria. The East Germans want to reduce West Germany's 60 per cent share of their trade with the West.

A joint East German-Japanese commission meeting on Friday and Saturday will consider East Germany's heavy deficit with Japan, which last year totalled \$99m (£44.5m) in overall trade worth \$179m (£80.6m).

Paris-Tokyo pact

Japanese and French industrial plant exporters have signed a cooperation agreement for exports to third countries and may form joint consortiums for international tenders to promote export to third countries.

£20m Irish plant

The Medford Corporation of Oregon is to build a £20m fireboard manufacturing plant at Clonmel in the Irish Republic, which is expected to create 200 jobs in the next four years.

EEC meat check

An EEC team is visiting Australia next weekend to inspect meat handling plants after earlier unofficial reports that Australian premises failed to satisfy EEC standards.

S Africa wage rise

South Africa's 500,000 iron, steel, engineering and metallurgical workers will receive a 15 to 22 per cent pay rise from May to July, mainly benefiting lower paid black workers.

Site preparations for ethane cracker get under way in Fife

Work starts on £1,000m Esso plant

It is ironic that in the week when Esso announces the start of work on one of Britain's largest-ever chemical projects, the remainder of the industry should produce figures indicating a substantial reduction in its investment over the next few years.

It serves to illustrate once again, however, the uncertainty within an industry accustomed to high growth but now trying to adjust mentally and physically to a bleak future.

Later this month, an earth moving company begins site preparations for Esso's ethane cracker at Mossburn, Fife. Eventual on-site investment, including downstream plant making use of the ethylene produced, could be more than £1,000m.

Meanwhile, in boardrooms up and down the country, hard-pressed chemical companies will be reviewing tentative capital spending plans in the light of continuing depressed orders and poor profitability, and this week's Budget package.

According to estimates published by the Chemical Industries Association, investment in mainstream plant and equipment by members will fall by about one-fifth in real terms this year. In cash terms, they will spend an estimated £1,285m. Further declines are expected in subsequent years.

This is bad news for the many industries, especially the process plant makers, who look to the chemical companies for much-needed orders. Last year's record £1,340m investment by the chemicals sector represented 19 per cent of all manufacturing capital spending.

Mr Martin Trowbridge, director general of the Chemical Industries Association, said that investment intentions remain "surprisingly optimistic" in view of the serious difficulties being experienced by chemicals manufacturers.

Output in the United Kingdom fell by 9 per cent last year, and is expected to decline by a further 3.5 per cent in 1981. Profitability on bulk commodity petrochemicals has vanished, and many companies are now reporting unprecedented losses. Imperial Chemical Industries, Britain's largest manufacturing company, ended at a loss in the second half of last year and was recently forced to cut its dividend for the first time since 1933.

The chemicals industry has the capacity to supply far more products than there is demand for. Over-capacity in the United Kingdom is likely to grow from 21 to 27 per cent over the next two years.

Last year, companies revised investment intentions downwards sharply in line with worsening business forecasts. Mr Trowbridge believes the same may happen this year. Many were working on the assumption that there would be a rejigging of Government policy regarding feedstock and energy costs, sterling parity and interest rates. Immediate reaction yesterday was that despite a 2 per cent cut in minimum lending rate the Budget had fallen far short of the industry's aspirations.

ICI has already pointed the way ahead with substantial, but largely unremarked cuts in capital spending. Further large reductions in authorizations are planned,

according to Sir Maurice Hodgson, ICI's chairman.

In the past, ICI spent about £2m a day on new plant and equipment. Expenditure in 1980 was £724m. Authorizations though declined from £552m in 1979 to £324m. Of this only £176m was earmarked for the United Kingdom.

ICI's spending was expected to decline after 1979. It has been outstripping its competitors for some years and a number of large projects have recently been completed. But the decline in authorizations reflects lower demand and "inadequate levels of cash flow and profitability".

What is certain is that an increasing proportion of investment will be devoted to replacement of old plant, and the introduction of energy-saving equipment, and other cost improvements, rather than new products or additional capacity. The latter accounts for only 45 per cent of likely spending in 1981, against about 55 per cent in the past.

A recent survey by the association suggests that petrochemical companies are hoping to achieve energy savings of 15 per cent over the next 10 years. Mr Robert Mappes, president of Alcon International, recently described the cost benefits of process technology improvements as the silver lining among the industry's gathering clouds.

Investment in this area is already being helped in a small way by the Government, which has committed £50m over the next two years for grants to assist the conversion of oil boilers to coal.

John Huxley

LETTERS TO THE EDITOR

Positive side of monetarism

From Professor Richard C. Stapleton

Sir, "Monetarism" seems now to be used increasingly as a term of abuse. Only the inner circle (or cabal) of cabinet ministers and their well paid advisers are convinced of what to the majority (CBI, TUC, Tory backbenchers) appears to be a totally negative policy creed.

Monetarism is not just a prescription for controlling inflation through the money supply. If it were, this Government would probably fail to meet the criterion. It represents a belief that governments cannot, in the long run, positively affect the real economy by macroeconomic policy, whereas they can and do adversely affect the level of inflation. The business of production and employment should be left to companies and workers and the markets in which they operate.

The positive side of monetarism, which has largely been ignored by this Government, is summed up in the phrase "Make the markets work". It emphasises micro rather than macroeconomic government policy. The only way long-term unemployment can be cured is by freeing the labour market of the increasing restrictions and monopoly control that have been the feature of the postwar period. The only way new firms can be encouraged to produce and employ is to balance the monopolistic advantages of large firms with positive substantial help for small firms.

Most of the positive policies of monetarism are more identified in the public mind with the Social Democrats than the Tories because they are interventionist. My list would include massive help for small firms in new technology industries, free merchant banking advice to all companies with

assets less than £100,000, subsidies to house moving rather than the existing tax penal relief for private equity investment, mobility allowances for the unemployed, government payment of all redundancy allowances and legislation against the monopoly practices of unions.

There is no conflict there between monetarism and interventionism. The problem that the interventionist postwar British government has usually been of the site kind. It has propped declining large firms and ported large unions. Who needed interventionism the "right" kind.

R. C. STAPLETON, Professor of Business Finance, Manchester Business School, University of Manchester, Booth Street West, Manchester M15 6PB.

Increase in gas charges

From Mr G. A. Taylor

Sir, The Secretary of the British Gas Corporation (March 6) thinks we were astonished to read that the standing charge on our gas bill has risen "by 170 per cent since last April".

I was surprised only at the delay before an official of the Gas Corporation told us that the standing charge is intended to cover the cost of supply, meter reading, accountancy and other administrative expenses.

First may I correct the figures? Since April, 1980, the quarterly standing charge has increased by 177.78 per cent. The charge for the first 52 therms, as he correctly says, has not increased, but the charge for the excess over 52 therms has increased by 28.48 per cent. With my gas bill I received a note advising me to save fuel and, of course, it is to my financial advantage so to do, but how effective is any attempt to economize when I am presented with an inescapable increase of 177.78 per cent in the quarterly standing charge?

In the same leaflet I am invited to ease the burden of payment by a monthly standing order through my bank. I realize that this method, if widely used, would help the gas board's cash flow problems and possibly reduce clerical costs, but when I asked what discount they were offering for payment in advance my inquiry brought no reply. My money therefore will stay on deposit until the quarterly gas bill is prepared, posted and awaits its turn for attention.

Yours faithfully, G. A. TAYLOR, 221 Argyle Road, Felling, Walsby OAY.

From Mr Robert Saunders Sir, Mr McColl (Letters, 28) thinks it outrageous for Stationery Office to charge £2.10 for Cmsd 8179.

I have before me Cmsd 8179, The Annual Review of Agriculture, 1974. It is priced at £2.10. In Table 26 it states the price of milk to be 24.6p per gallon. I also have Cmsd 8132, Annual Review of Agriculture, 1981. It is priced at £4.30. In Table 26 the price of milk is at 12.5p per litre—or 57p per gallon.

The price of milk paid to producers has therefore increased by 2.32 times; the price of the White Paper by 11 times.

Who is milking whom? ROBERT SAUNDERS, Chairman, E. F. Saunders & Sons Ltd, From Mayne Farm, Dorchester.

Councils that get cars 'on the cheap'

From Mr F. H. G. Canton

Sir, Mr Rumsey's indignant letter in *The Times* today (March 9) on "The unfair company car perk" reads persuasively, not least, no doubt, to himself.

Allow me to write how local government officers have long quarried what they see as councils getting the use of cars on the cheap. The officer must provide the car himself and, in my own case, which is typical, the car allowance provided by the council, and based

on a small annual mileage of less than 3,000 miles, barely, if at all, covers the repayment on an assisted car purchase scheme over five years. It is my car, but is never available to my wife during the working week.

According to independent assessment, the cost of running a small family car, including depreciation, is approaching £20 per week, and I must bear this cost entirely out of my own pocket. An added irritant is that HM Income tax assessors reduce

my personal tax allowance £100, being, in their estimate, the profit element in my not inadequate car allowance. Finally, the car allowance which is settled nationally adjusted long after my increases in running costs, eg insurance, petrol, repairs, etc.

Mr Rumsey would do well to reassess his "blessing". Yours faithfully, F. H. G. CANTON, 2 Beaulieu Gardens, London, N21 2BR. March 9.

Ultramar: the future looks bright

Preliminary Announcement of 1980 Group Results

Summary of financial results

| | 1980 £ million | 1979 £ million | Increase £ million |
|----------------------------------|-------------------|-------------------|-----------------------|
| Sales | 939.5 | 1,001.7 | (62.2) |
| Operating profit before taxation | 126.3 | 75.4 | 50.9 |
| Net profit | 74.1 | 45.8 | 27.3 |
| Cash flow from operations | 100.8 | 56.3 | 44.5 |
| Capital expenditures | 54.0 | 40.0 | 14.0 |

The Year 1980

Cash flow from operations, operating profit before taxation and net profit in 1980 were all at record levels. Most of the Ultramar Group's earnings are in U.S. and Canadian dollars and the results were adversely affected on conversion into sterling.

All of the major divisions of the Group were profitable. The Indonesian, Eastern Canadian and Caribbean operations had a particularly good year. These fine results were achieved despite a reduction in the Group's sales of oil from 279,900 barrels per day in 1979 to 213,200 barrels per day in 1980. Refinery runs were also lower. Capital expenditures for 1980 were £54 million of which the largest portion was spent on development in Indonesia. The Group has begun a major three-year capital expenditure programme in exploration, shipping and upgrading of facilities to provide a wider base for profits in the mid-nineteen eighties.

Canadian Operations

We have completed much of the engineering for adding a catalytic cracking unit and ancillary equipment to the Quebec Refinery. Long lead time items are on order and some on-site work has been done. Revised estimates by the contractor have more than doubled the originally estimated cost and we are now faced with expenditures of approximately Can. \$300 million. While the project is still economically viable even at this figure, we have to face the fact that such a large investment would create a significant imbalance in the geographic spread of the Group's assets at a time when Government policy is to Canadianise the oil industry. We have, therefore, decided to try to find a Canadian partner or alternatively to reduce the investment by scaling down the size or eliminating some units. Engineering work is continuing but construction work on the site has been temporarily suspended. Due to the uncertainty surrounding this project, we

have made a provision of £3 million out of 1980 profits in respect of the estimated net costs and commitments incurred to date.

North Sea

We applied for and were granted interests in two blocks, each with a £1 million application fee, in the seventh round of licensing in the North Sea. In block 9/11 we have a 31.25 per cent interest with Union Oil, also with 31.25 per cent, being the operator. Getty has a 31.25 per cent interest and a Norwegian company has 6.25 per cent. In block 24/25, we are the operator with a 35 per cent interest. Pan Canadian Petroleum and Houston Oil and Minerals each have a 45 per cent interest and Enbridge Electric Traction has 15 per cent. We have also applied for several blocks which carry no premium and an announcement on the award of these blocks is expected shortly.

Outlook for 1981

In the U.K. and Canada we face additional taxation and in the U.S. there have been revised regulations which are not favourable to small refineries. Nevertheless, we expect 1981 to be another good year for Ultramar, although it may be difficult to surpass the profits of 1980. The financial condition of the Group has improved greatly in the past two years and we are moving boldly to expand the scope of our activities. The future for Ultramar looks bright.

Dividends

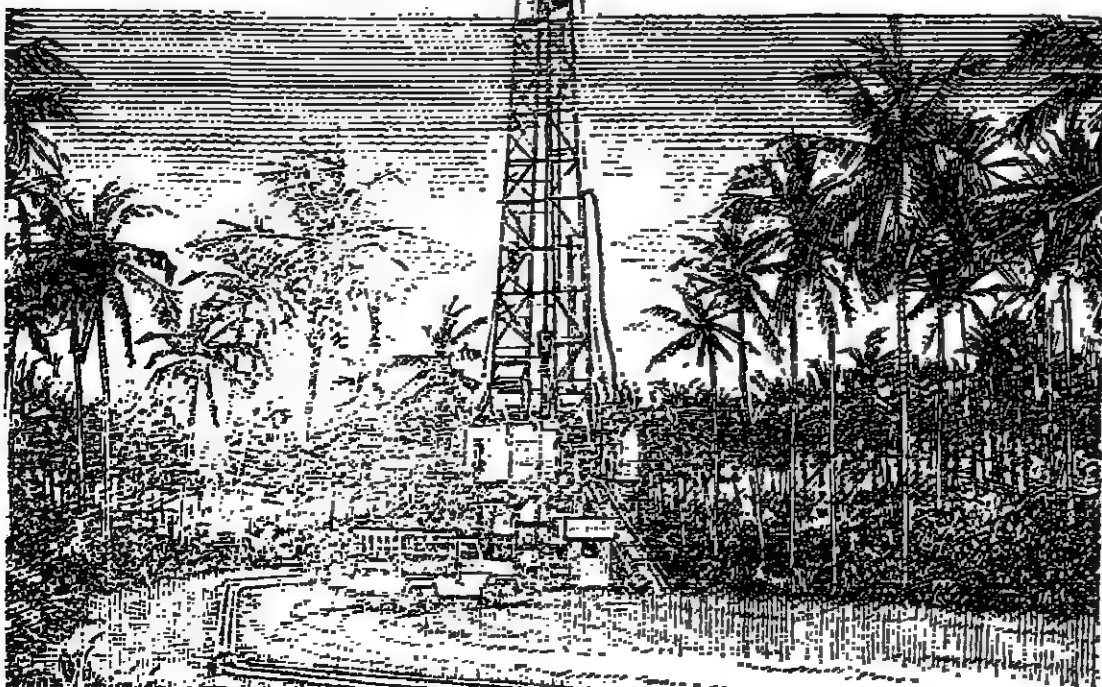
An interim dividend of 4p per Ordinary Share was paid on 7th November 1980. We will recommend at the Annual General Meeting on 29th May 1981 that a final dividend of 7p per share be paid out of 1980 profits. This dividend will be paid on 29th May 1981 to shareholders registered at the close of business on 24th April 1981.

Annual Meeting

The Report and Accounts for 1980 will be issued on 24th April 1981. The Annual General Meeting will be held at the Great Eastern Hotel, Bishopsgate, London EC2, on Friday, 29th May 1981 at 11 a.m.

ARNOLD LORBER, Chairman.

11th March 1981.



Consolidated profit and loss account

| | 1980 £ million | 1979 £ million |
|--|-------------------|-------------------|
| Sales | £939.5 | £1,001.7 |
| Profit on trading | 141.7 | 106.4 |
| Amortisation, depreciation, depletion and amounts written off | 15.4 | 15.5 |
| Elimination of remaining unamortised costs in Iran | — | 15.5 |
| | 15.4 | 31.0 |
| Operating profit before taxation | 126.3 | 75.4 |
| Taxation on operating profit | | |
| Current | 37.5 | 15.6 |
| Deferred | 15.3 | 14.5 |
| | 52.8 | 30.1 |
| Operating profit after taxation | 73.5 | 45.3 |
| Foreign exchange fluctuations (Note 2) | 0.6 | 1.5 |
| Net profit | 74.1 | 46.8 |
| Convertible Redeemable Preferred Shares dividends including Advance Corporation Tax written off (Note 4) | 0.1 | 1.3 |
| Earnings attributable to Ordinary Shareholders | 74.0 | 45.5 |
| Ordinary Shares dividends: | | |
| Interim 4p (1979, 2½p) | 4.3 | 2.3 |
| Final 7p (1979, 5p) | 7.4 | 4.6 |
| Advance Corporation Tax written off | 5.1 | 3.0 |
| | 16.8 | 9.9 |
| Earnings retained for the year | £57.2 | £35.6 |
| Cash flow from operations | £100.8 | £56.3 |
| Earnings per Share (Note 4) | 69.3p | 49.2p |

- Notes
- Group operating profits are largely in U.S. and Canadian dollars.
 - The gain on foreign exchange fluctuations of £2.5 million during 1980 relates almost entirely to long term loans of individuals companies repayable over the years to 1983.
 - Translation and conversion exchange rates used by the Group are:

| | 31st December 1980 | 31st December 1979 |
|-------------------------|--------------------|--------------------|
| £1 equals U.S. \$ | 2.39 | 2.22 |
| £1 equals Can. \$ | 2.56 | 2.59 |
| U.S. \$1 equals Can. \$ | 1.20 | 1.17 |
| U.S. \$1 equals Sw. Fr. | 1.28 | 1.39 |

4. The 7 per cent Convertible Redeemable Preferred Shares have been converted into Ordinary Shares. No further Preferred Share dividends have therefore accrued since the final payment on 31st January 1980. The Earnings per Share Calculator assumes conversion of all outstanding Preferred Shares at 31st January 1980.

5. The results shown above are based on the Historical Cost convention. The Current Cost net profit, which does not differ materially from the Historical Cost net profit, will be shown in detail in the 1980 Annual Report, together with explanatory Notes.

To: The Secretaries, Ultramar Company Limited, Morgan House, 1 Angel Court, London EC2R 7AU.
Please send me a copy of the full Preliminary Announcement of 1980 Group Results.
Name _____ T11:3
Address _____

Ultramar



Ultramar

BY THE FINANCIAL EDITOR

TI adds to the Budget hangover

If the Government took considerable political risk yesterday, it must nevertheless have been delighted that the Chancellor had struck the right note with the gilt-edged market. The remaining £750m or so of the "tap" that had been sitting uncomfortably in the Government Broker's hands over recent weeks was heavily oversubscribed before trading started and that must push the gross funding secured for the March ending month to well over £1,500m. How strongly the market will be tempted by this morning's new 1990 issue in £15 paid form remains to be seen. But if it sells quickly then the authorities will have laid a solid base of advanced funding over the next two months. They will, of course, be relying on an immediate sell-out for the £1,000m indexed issue that goes on sale at the end of March—with the market already talking in terms of a significant premium.

But what was good news for gilts went wrong like a lead balloon in the equity market with dividend cuts by Tube Investments and Turner & Newall adding to the gloom. At least TI can take comfort from the fact that it has emerged from the traumas of 1980 with a strong balance sheet. Most of the closure and redundancy costs which crunched the bulk of last year's £30m extraordinary items, were covered by selling peripheral businesses and cash has been squeezed out of working capital.

So TI has been able to fund a higher level of capital spending—up by £6.4m to £54.4m, reflecting the cost of the Lochaber smelter modernization at British Aluminium—and still end up with a small inflow of cash and a virtually unchanged debt-equity ratio of 31 per cent.

But TI has still chopped back the year's dividend by two-fifths and the reason is clear enough. Demand continued to fall



ic Brian Kellett, chairman of Tube Investments.

During the second half of 1980, which contributed only £2.5m to the year's pretax profit of £26.7m—down from £52.2m. There is no sign of recovery and the one part of the business going reasonably well at the moment, domestic appliances, could be hit by the Budget squeeze on consumers.

TI will not make much profit in the first half of 1981. After that, much depends on some upturn in demand although last year's cost-savings should be working through. However it is clear that TI will emerge in better shape than most engineering companies from the recession, and it has also made it fairly clear that the dividend is now safe. So the shares, yielding 12 per cent after yesterday's 34p fall to 178p, look one of the better long-term recovery prospects.

Turner & Newall

Losing money in Britain

Turner & Newall's trading performance was sluggish at the interim stage in September and it did not improve later in the year as the recession wiped out the group's British earnings base.

It therefore joins the list of major industrial companies to have cut their dividends with a payment of 8.57p a share gross for 1980 against 16.4p. That possibility had of course been signalled by an interim dividend cut, and with profits for the year down from £27.5m to only £6.4m producing an attributable loss of nearly £9m, even the reduced dividend looks like an act of faith in the future underpinned by a balance sheet which remains sound.

Gearing is down from 50 per cent to 35 per cent, a reflection of the infusion of Zimbabwe assets earlier in the year and asset sales which have yielded £44m gross.

The settlement in Zimbabwe has of course proved to be a godsend to T & N which now says that a "substantial" part of profits is coming from Africa. That only serves to

highlight the drama taking place in the groups British business which traded at a loss of £6.6m in the second half of 1980.

T & N is not alone here, of course, but it is reacting in a way that suggests it will be a rather different company after the recession. It has shed 4,000 employees since the beginning of 1980 and in the process gone out of the insulation business in which it had made heavy investment; it will shortly announce a radical restructuring at Storey Bros, a plastic sheet and film business which it bought in 1977 involving many more jobs, and the emphasis of its operations in Zimbabwe has been shifted back to asbestos and—temporarily perhaps—to an undue dependence on African earnings.

The share price at 71p, now yielding just over 12 per cent, reflects natural concern by the market about the immediate outlook—not improved by the Budget.

Woolworth After the trauma

There is a chance, however faint, that Woolworth is through the worst. Retailers had a better January than at first feared—sales by value were 12 per cent up on a year earlier—and yesterday Woolworth reported that in the last quarter of the year sales rose by 13.7 per cent.

The group had a fright in the six months to last July when sales, ex-VAT, almost ground to a halt, and it suffered trading losses. But management quickly began cutting costs, unloading stocks and slashing prices.

In the key Christmas quarter the group had pretax profits of £32.1m, against £34.08m the year before. For the year as a whole (to January 31), profits fell from £57.25m to £39.2m. The maintained final dividend apparently owes nothing to pressure from the United States parent with 52 per cent of the shares, but it must be relieved with United Kingdom dividend policy now that the pound is weakening against the dollar.

Woolworth is pleased with "Operation crackdown", mounted less than three weeks ago.

The idea is to create a new image among shoppers, of retailing quality merchandise at keen prices. But image building takes time and Woolworth must expect retaliation if it really does eat into competitors' sales in what the Budget has ensured will be a tough year. But a yield of more than 11 per cent and a wealth of freehold property will probably persuade people to stay with the shares at 56p.

● Relieving the gloom elsewhere, Ultramar produced good enough figures to lift the shares 12p although they closed 9p down at 496p in a generally hesitant oil sector trying to assess the impact of the new North Sea tax regime.

The seasonally strong final quarter again contained signs that the earnings pace was slowing at least in sterling terms with its £20.5m contribution only slightly ahead of the previous quarter to leave full year net profits up from £46.8m to £74.1m.

The overall picture shows no surprises with the Indonesian LNG operation continuing to be the mainstay as volume built up from 57 to 71 cargoes. Volumes on the oil side were well down as the group's Caribbean crude was substituted by Western Canadian supplies while the Eastern Canadian refinery has cut out its less profitable runs.

But it is not all plain sailing and Ultramar has become noticeably more apprehensive of Canada's plans for local participation. Mindful of the loss of its Venezuelan interests a few years ago, it is seeking to limit its exposure in Canada and the casualty looks like being its new catcracker, where the cost has doubled to Can \$300m, which was intended to cement its market position in Canada.

After two years of strong growth, then, Ultramar is now set for a period of consolidation before the doubling of the Badak field, the Canadian refinery and the Maureen field produce another big jump in profits after 1983 and it is warning that 1981 could be a bit below 1980, depending on what happens to crude prices. Meanwhile its efforts to reinvest its massive cash flow of £100m last year is not going smoothly with United Kingdom acquisitions to relieve the ACT

headache difficult to come by. For the time being the frothiness has been blown away from the shares now that the bid rumours have died down but the 7 1/2 p/e ratio is undemanding.

Washington

"To Stockmanize" is a new verb in the United States which simply means to take a large red pencil to every new spending plan devised by civil servants and Democratic Party politicians.

Mr David Stockman, 34, the Reagan Administration's Director of the Office of Management and Budget, this week achieved what many experienced Washington politicians thought impossible: he has managed to rewrite the federal Budget and fashion it to the new President's desires in less than six weeks.

President Carter submitted his Budget to the Congress on January 15 for the 1982 fiscal year, confident that President Reagan would find insufficient time to make more than modest changes in the programme.

But on Tuesday the President sent the Congress "a complete revision" of the Budget, involving no less than 283 specific changes and scores of cuts in government credit schemes. Dozens of spending projects have been consolidated and altered and many have been bluntly eliminated. There is no doubt in Washington that Mr

Stockman is to blame for all this

He has worked long hours to put the budget plan together, guided continually by the conviction that Government is the prime cause of inflation, the main impediment to a healthy free enterprise system in the United States and a born of plenty to America's undeserving.

Mr Stockman appears to enjoy nothing better than playing with the budget numbers and he is said to have all \$700,000m worth of them stored in his computer-like memory. He is said to be boldly displaying greater knowledge of their interests than they themselves can command. He bewilders civil servants by his ability to often recall memoranda that they wrote years ago.

Mr Stockman studied divinity at Harvard University, and he has left it to others in the Reagan Administration to deploy the supply side, theoretical economic arguments upon which Tuesday's budget was based. Over the last few weeks Mr Stockman's sole interest has been finding more than \$50,000m of spending cuts out-

Frank Vogl

side of defence in the federal government's programme.

But he is not merely a numbers genius, or just the Administration's wizard bookkeeper. He is first and foremost a politician. He campaigned at the age of 17 in his home state of Michigan for Mr Barry Goldwater in the 1964 presidential race, then rushed to the left to win fame at Michigan University as an anti-Vietnam war warrior.

By the early 1970s, however, Mr Stockman was moving rapidly to the right as he gained experience of politics as an assistant in the Congress to Mr John Anderson, the moderate Republican. In 1976 he ran successfully for the Congress from Michigan and he won a second term in 1978. He formed an alliance with Mr Jask Kemp, the New York Congressman, and together they campaigned hard for the very economic policies that the new President is now advocating.

He has said that he believes "that self-interest is an inher-

ent part of the human condition and what we need to do is to harness it, not abolish it". For him this means dismantling as much of the Government as swiftly as possible and opposing government subsidies of all kinds at all times. He even opposed aid to the Chrysler Corporation, his home state's ailing giant, when he was in Congress.

Mr Stockman has moved so fast on the budget that he has bowled over the American press, the Department of the Treasury and the entire Cabinet. In time he may find that less professional Washingtonians in the Cabinet, such as Mr Donald Regan, the Treasury Secretary, may decide that they have had enough of being pushed into the publicity background by Mr Stockman.

"Mr Regan will decide one day to move and he will eat Stockman for breakfast," says one Wall Street banker. Certainly many people in Washington believe that if things start going wrong in Congress on the budget plan, then Mr Stockman may prove to be the Administration's first scapegoat. At that time his political skills may be truly tested.



Mr David Stockman: worked to a six-week deadline.

Economic notebook

Public spending: the Government gets it wrong again...

We have been here before. The Government's White Paper on public spending repeats all the mistakes which turned last year's document into nonsense.

We are once again faced with a Government which, to paraphrase Shakespeare's King Lear, intends to do such things—that they are it yet knows not—that shall be the terror of the earth.

There is, however, one big difference between the Government and Lear. The Government does not know what it has done after it has done it, not simply before.

Public spending in the last financial year of the previous Labour government (1978-79) was 2.5 per cent lower than it was in 1974-75, the first year of that Government's rule. Public spending in 1981-82 will be 1.8 per cent higher than it was in 1979-80, the first year that this administration was in power.

That ought to suggest that something is wrong with the way they have gone about cutting spending. Yet in the latest plans, we get a solemn repetition of what we got last year. The latest White Paper forecasts that between 1981-82 and 1983-84 spending will drop by £2,200m in the "funny money" of 1980 survey prices. Treasury ministers are already queuing up to say that this is not

good enough and that yet more cuts need to be found.

But the real are the cuts already "agreed"? They are in fact almost wholly fictitious. The most important of them are in the sector known as "trade, industry, energy and employment". Spending in this sector is expected to drop from just over £4,000m this year to £2,460m in 1983-84. Nearly £500m of this cut comes from a rag-bag of programmes, which include assistance for British Leyland, set at £490m this year.

Now we all know that BL put forward a four-year plan. We equally know that the Prime Minister decided to compromise by giving approval for just the first two years. We also know that BL will need money from 1983 onwards if it is not to close.

But because, technically, no decision has been taken to approve this money it is not included in the White Paper. The Government is giving no provision for it in 1983/4. When the money is spent—as it will be—ministers will ask in astonished tones how it is that they are faced with rising spending when they have agreed to cuts so many times in the past. The answer is that they have not agreed to cuts; they have merely said that they will agree to cuts, but not this year.

Other programmes show the same

pattern. There is an expectation that employment measures will cost £500m less at today's prices in 1983/4 than they do this year, even though the number of unemployed will be half a million more.

Yet every time the unemployment figures go up, Mr Jim Prior, the Secretary of State for Employment, comes forward with another set of temporary measures.

A similar pattern is visible in the treatment of nationalized industries. When the White Paper was published last year government lending to these was expected to be only £880m during 1981/2. The latest estimates is £1,400m. Yet in spite of the proof that all of the assumptions on which the policy was based are absurdly optimistic, the Government has reiterated its belief that 1983/4 the nationalized industries will be paying the Government back for money they have borrowed.

None of this is the fault of officials in the Treasury, who have to do the best they can with the decisions made by ministers. But this vagueness in leading the Government to delude itself about what it is really doing to public spending. Spending on present consumption has not really been cut. Spending to pick up the bill for the country's economic crisis is rising and is made harder to control because

the Government will not face facts. Time after time the only solution is to impose panic cuts on capital spending.

We have got a little more subtle than we were in 1966 when hospitals were left half-finished. Now, the hospitals are not even started.

The only way in which the Government will be able to make further cuts in public spending to fulfil its present plans, let alone to get spending down to a lower level, will be to make large cuts in the capital programme.

This means either finding some way of transferring out of the definition of the public spending borrowing requirement those activities of public corporations which can be shown to be profitable, something long advocated in this column. Or it means not simply juggling about with the external financing limits of nationalized industries but also cutting deep into the amount that they spend on investment.

The most likely bet at the moment has to be that the nationalized industries are encouraged to cut their spending on the grounds that there is inadequate demand for the products anyway. That would be a disaster, but an inevitable one given the framework which has dominated policy for the past year.

David Blake

... but can the new controls put it right?

Sir Geoffrey Howe, signalled the passing of an era in his Budget on Tuesday, when he disclosed the Government's intention of moving towards a system of cash planning for public expenditure.

At the very least, it will mean a big modification of what has loosely come to be known as the "Plowden system"—the method of planning built up in the 1960s following the report of the committee chaired by Lord Plowden (Control of Public Expenditure, White Paper, Cmd 1432).

The central recommendation of the Plowden committee was that public expenditure should be planned over a period of years ahead in relation to prospective resources.

This gave rise to the system of annual surveys of expenditure under which programmes were planned in volume terms, for four years ahead. Decisions were taken about the number of miles of roads that would be built during the planning period or the number of teachers that would be needed to meet policy objectives on education.

Little regard was given to the prices that might have to be paid when the expenditure was undertaken. The prices used for the entire four-year period (now reduced

to three years) were those in existence many months before even the decisions about spending were taken. These so-called "survey prices" are what are popularly known as "funny money".

By the first year of the planning period, these prices are 18 months, or more, out of date. Thus, the spending plans for the coming financial year—1981-82—are drawn up in terms of prices ruling in the autumn of 1979.

This is the system that will now change. From now on the starting point for the first year of the planning period will be the amount of cash which governments think it is desirable to spend. This is unlikely to mean that no regard will be paid to volume, the miles of road that can be built with the cash available, or the number of teachers that can be afforded—but the emphasis will now change markedly.

This change is in keeping with the broad evolution of the control and administration of public spending since the middle 1970s. A preoccupation with the size of the public sector borrowing requirement and the growth in the money supply had already led to a shift away from the Plowden recommendation to consider expenditure plans in relation to prospective

resources. The financing of the spending plans has become the major imperative, and the justification for several expenditure cutting exercises.

In addition, the last Government introduced the cash limits control system. However, cash limits did not alter the way that expenditure was planned. Their job has been to make sure that, once the plans were laid, the cost was kept within the bounds set by Government.

It remained true that when the plans were initially formulated, little attention was given to cost. Thus, the cash limits were used to control a level of expenditure which was already greater than it might have been had a cash restraint been applied at an earlier stage.

It is significant that the cover only about 80 per cent of the public spending, the new system of cash planning covers the entire field.

The difficulty which the Treasury ministers now face under the cash planning system is that this spring's expenditure review, which the government will have to arrive at a view about the level of inflation 18 months or more ahead.

The first year of the period under review this spring will be 1982-83, and much can happen to inflation between now and then. For example, a sharp drop

in the pound's exchange rate this summer could lead to inflation much higher in 1982 than now seems likely.

But unless ministers make a judgment about the level of future inflation, they will not be able to set the cash framework in which the spending decisions will be taken.

It is suggested in Whitehall, however, that this will not so much involve forecasting inflation as setting a goal for future inflation levels and then making it stick. The trouble is that ministers are notoriously optimistic about what their policies can achieve and they will be peering further into the future than is usual.

If they significantly underestimate the future levels of price changes, either public services will be cut below the planned levels or the Government will be forced to raise the spending total.

Final decisions, however, will still be taken in the autumn preceding the financial year to which the cash plans relate. The will give the Cabinet an opportunity to take account of

charges in the outlook since the review began the previous spring.

This shift to cash planning is also to be accompanied by an extension of the use of the contingency reserve in containing the upward pressure of spending after decisions have been taken.

The last Labour government began the practice of using the contingency reserve as a control instrument. Demands for new expenditure had to be met out of it, and ministers from spending departments had to compete for contingency reserve money.

Now, it will not only be decisions involving new items of spending that will have to be met from the reserve.

In future, if cash limits are breached in some area of spending because, say, prices turn out to be higher than expected—and the Government decides to meet the higher costs—extra cash will also come out of the reserve.

Melvyn Westlake

Business Diary: Furniture's Plumb contract • Oil in troubled waters?

Malcolm Perring, chairman of the pressure group, the Furniture Information Council, tells us that the British Airports Authority has had a change of heart and is after all to give £300,000 contract for furnishing its Gatwick HQ to a British firm.

Perring, marketing director of Perring's, the Home Counties furniture retailers, led a campaign to get the BAA to change its mind when in April the state corporation, which owns the country's international airports, was said to be signing up an Italian furniture maker.

Together with his predecessor, Jerrold Nathan, managing director of Nathan Furniture, Perring started kicking up a fuss, starting with letters to John Nott, the Trade Secretary. The BAA in turn said reports of the Italian deal were premature, asked two suppliers to tender, and has now given the job to Plumb Contracts of Coventry and Huddersfield.

Perring's joy at this development would have been even greater had the British firm been a member of the Furniture Information Council, but you can't win 'em all, says Perring. FIC membership papers have been sent to Plumb.

Hilton International, the TWA subsidiary which has 81 hotels around the world, has appointed its first woman manager. She is Julia Chan (below), who takes over at the Hilton International Taipei, Taiwan. She takes over from general manager James Smith who is off to the group's Toronto Harbour Castle hotel.

Mrs Chan, who is only a few years older than the group itself, was born in the mainland city of Shanghai, and was educated in Hongkong. She is a divorcee with two children and has worked her way up through the Taipei Hilton, where she began as banquet manager, by way of courses at Hilton's Montreal training school.



As pressure on South Africa starts to build up at the United Nations, the search is being stepped up for the one vital natural resource which the country has not yet discovered—oil.

For the past 12 years exploration for oil and gas has been taking place around the South African coast in the hope of finding reserves which would be sufficiently abundant to allow the government to turn its back on the threat of an oil embargo. The search proved to be barren until last December when Soekor—the government-backed exploration company—made a strike near Mossel Bay in the Cape which was described as "the most encouraging find so far".

Since then the oil industry has tended to play down expectations that this could be

Wallchart

HMM... AN INTERESTING NEW PLOY BY THE UNIONS

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Since then the oil industry has tended to play down expectations that this could be

an important find. It said it would take up to a year to determine if the find was worth while.

However, hopes have again been raised by the news that Soekor has placed an order for two giant offshore oil rigs costing some £40m each.

Such is the secrecy surrounding anything to do with the supply, production or storage of oil in South Africa that Soekor has even declined to say where the rigs are to be built. It is reliably reported to be Japan.

The rigs are scheduled for delivery late next year and will, according to Soekor, be able to operate at depths of more than 500 metres in severe weather conditions. Just right for pumping oil from the stormy waters that surround the Cape.

IN THIS LATEST ROUND OF PAY TALKS...

They're asking for parity with other energy costs...

The increases in duty were in fact 38 per cent on beer, 14.5 per cent on spirits, and 17 per cent on wine; but the Chancellor's revenue estimates have been revised downward.

The Chancellor seems to expect us to drink 5 per cent less wine, 8 per cent less spirits, and 1.5 per cent less beer.

In these hard times, the president of the Spanish organizing committee of the World Football Championship, Raimundo Saporta, admits, "we have had to invent the money" to get Spain ready for the multi-billion-pound sports show which will fill the country's stadiums beginning in Barcelona in June, 1982.

He has done a better job of "inventing" it than most. For one thing his World Cup committee is the only entity in Spain that comes out ahead on the football pools every week, apart from the pool sponsors. In order to finance part of the costs, he persuaded the Spanish state to set aside 50 centimos (about one quarter of a penny) of every pool bet for World Cup expenses.

For another, he got the national lottery administration to turn over the profits of a special draw.

"The administration", Saporta chortles, "is no longer asking who will pay the deficit."

It's an ill wind... I have grown used to spring sales, summer sales and even autumn sales, but a Liverpool furniture store is offering what could be a new perennial, a slump sale.

Ross Davies

DEREK CROUCH LIMITED

Preliminary Announcement of Results for the year ended 31st December, 1980

| | 1980 £'000 | 1979 £'000 |
|--|---------------|---------------|
| Turnover | 65,700 | 51,474 |
| Earnings before Tax and interest | 5,384 | 2,999 |
| Interest Payable | 2,340 | 1,613 |
| Earnings before Tax charges and taxation | 3,044 | 1,386 |
| Earnings after all charges and taxation | 1,437 | 548 |
| Dividends | 490 | 446 |
| Earnings per Share | 14.68p | 5.84p |

The Chairman, Mr. D. C. H. Crouch stated: "The outlook in the U.K. for the current year is still obscure and our objectives will necessarily remain flexible. However, it is our intention to continue the policy of reducing our overall indebtedness during this year."

"Our workload in the coal mining sector both in the U.S.A. and U.K. is substantial and will provide continuity of work for some years ahead. Our Directors are confident that, with this base, our Company can look forward to a satisfactory future."

Recommended final 3.42p per share making total for the year of 5.05p per share, a 10% increase on last year.

Copies of the Annual Report can be obtained from the Secretary at Peterborough PE6 7UW



Coutts & Co

Coutts & Co. announce that their Base Rate is reduced from 14% to 12% per annum with effect from the 11th March 1981 until further notice.

The Deposit Rate on monies subject to seven days' notice of withdrawal is reduced from 11½% to 9% per annum.

Standard Chartered announce that on and after 12th March 1981 its Base Rate for lending is being decreased from 14% to 12% p.a.

The interest rate payable on deposit accounts subject to seven days notice of withdrawal will be decreased from 12% to 9% p.a. The interest rate payable on High Interest deposit accounts subject to twenty one days notice of withdrawal will be decreased from 13% to 10½% p.a.

Standard Chartered Bank Limited



Base rate

Australia and New Zealand Banking Group Limited announces that on and after

12th March, 1981 its base rate will be

12% per annum

AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED
(Incorporated in the State of Victoria, Australia with limited liability)
71 Cornhill, London EC3V 3PR Tel: 01-623 7111



Base Rate

BANK OF CREDIT AND COMMERCE INTERNATIONAL S.A. announces that from Wednesday March 11th 1981 its base rate is changed

from 14% to 12% p.a.

100 Leadenhall Street London EC3A 3AD

TSB BASE RATE

With effect from the close of business on Thursday, 12th March, 1981 and until further notice TSB Base Rate will be 12% per annum



TRUSTEE SAVINGS BANKS

Central Board,
P.O. Box 33, 3 Cophall Avenue, London EC2P 2AB.

FINANCIAL NEWS AND MARKET REPORTS

Wall Street

New York, March 11.—Stocks on the New York Stock Exchange closed lower in active trading as the NYSE index lost 0.20 to 74.53 and the average price per share slipped 1 cent.

The Dow Jones industrial average slipped 4.99 to 967.67 and declined 14 points to 635 as turnover slowed to 47,390,000 shares from 56,610,000 yesterday.

Active Sears-Roebuck ended unchanged at 167. F. W. Woolworth slipped 1 to 24. Ponderosa system slipped 1 to 121.

Blue chips were generally weaker. General Motors lost 1 to 50.1. Du Pont 1 to 49. US Steel 1 to 30. General Electric 1 to 65. Procter and Gamble 1 to 71.

Papers were weak. International Paper lost one to 47.1. Scott Paper 1 to 27 and St Regis 1 to 38.1. Hammermill Paper tacked on 1 to 33.1.

St Joe Minerals was a standout, surging 15 to 45 in heavy trading. Seagram Company proposed to buy St Joe for \$45 a share, a price St Joe called inadequate. Seagram slipped 1 to 53.

Macmillan Bloedel gained 2½ to 36½ on the NYSE and 3 to 43 on the Toronto Exchange. British Columbia Resources will bid \$46 (Canadian) a share for 29 per cent of Macmillan.

US commodities

GOLD futures were mixed. COMEX March, \$275.20; April, \$275.90; May, \$276.60; June, \$277.30; July, \$278.00; August, \$278.70; September, \$279.40; October, \$280.10; November, \$280.80; December, \$281.50.

SILVER futures slipped 30 to 35 cents lower on a report of a recovery in the dollar's recovery from early March.

COPPER futures slipped 0.25 to 0.30 cent lower on a report of a recovery in the dollar's recovery from early March.

SOYBEAN futures slipped 0.10 to 0.15 cent lower on a report of a recovery in the dollar's recovery from early March.

WHEAT futures slipped 0.10 to 0.15 cent lower on a report of a recovery in the dollar's recovery from early March.

CORN futures slipped 0.10 to 0.15 cent lower on a report of a recovery in the dollar's recovery from early March.

BARLEY futures slipped 0.10 to 0.15 cent lower on a report of a recovery in the dollar's recovery from early March.

RYE futures slipped 0.10 to 0.15 cent lower on a report of a recovery in the dollar's recovery from early March.

CLAY futures slipped 0.10 to 0.15 cent lower on a report of a recovery in the dollar's recovery from early March.

COAL futures slipped 0.10 to 0.15 cent lower on a report of a recovery in the dollar's recovery from early March.

IRON ORE futures slipped 0.10 to 0.15 cent lower on a report of a recovery in the dollar's recovery from early March.

STEEL futures slipped 0.10 to 0.15 cent lower on a report of a recovery in the dollar's recovery from early March.

ALUMINUM futures slipped 0.10 to 0.15 cent lower on a report of a recovery in the dollar's recovery from early March.

ZINC futures slipped 0.10 to 0.15 cent lower on a report of a recovery in the dollar's recovery from early March.

NICKEL futures slipped 0.10 to 0.15 cent lower on a report of a recovery in the dollar's recovery from early March.

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ALUMINUM futures slipped 0.10 to 0.15 cent lower on a report of a recovery in the dollar's recovery from early March.

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SILVER futures slipped 0.10 to 0.15 cent lower on a report of a recovery in the dollar's recovery from early March.

GOLD futures slipped 0.10 to 0.15 cent lower on a report of a recovery in the dollar's recovery from early March.

Foreign exchange

In fairly active trading yesterday the pound was generally firm against most currencies, though some banks had mixed feelings about the future of sterling following the Budget and two-point MLR cut. In the "currency basket" the pound rose to 99.3 from 98.6, though this partly reflected a rise in the dollar.

However, in step with the overall trend in New York, the rate against the dollar was on an easier basis for much of the session and after extremes of \$2.2310 and \$2.2090 it closed at \$2.2180 (against Tuesday night's \$2.2285).

Other currencies were mixed.

The dollar scored a broad, though modest advance, as the effects of the latest round of United States prime rate cuts were off.

Down to 2.1250 at one stage, the mark rallied to 2.1050 on speculation that the Bundesbank's Lombard facility was to be suspended, but this proved false and it relapsed finally to 2.1207 (2.1050).

Gains over Europeans included the mark, 4.6925 (4.6850) and the Swiss franc, 4.3050 (4.2850) and the French franc, 11.0725 (11.0350).

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PERSONAL CHOICE

Broadcasting Guide

Edited by Peter Davalle

TELEVISION

BBC 1

6.40 am

Open University: Looking

at inequality; 7.05 The image of

empire; 7.30 Family and handicap.

Closedown at 7.55.

9.00 For Schools: Colleges: The

road to Berlin; 9.30 Des le debut;

9.47 Everyday Maths; 10.10

Merry-go-round; 10.35 Justice

Judge Sam; 11.05 The Maths

11.30 The Celtic Family of

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3.55 Play School: Judy Whitefield's

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4.20 Securely: A cartoon.

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Radio 4

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New Briefing.

6.10 Farming Today.

6.30 Today.

7.00, 8.00 News.

7.50, 8.30 Headlines.

8.00 News in Parliament.

9.00 News.

9.05 Checkpoint.

9.30 Living World.

10.00 News.

10.05 Entourage.

10.30 Daily Service.

10.45 Story: Willingness, by Brian

Thompson.

11.00 News.

11.05 File on 4.

11.50 Enquire Within.

12.00 News.

12.05 pm You and

